

1109. Also, petition of Industrial Council of Cloak, Suit and Skirt Manufacturers, Inc., Leo A. Del Monte, president, New York City, favoring the President's national industrial recovery act; to the Committee on Ways and Means.

1110. Also, petition of Melchior, Armstrong, Dessau Co., New York City, concerning House bill 5480, the securities bill; to the Committee on Banking and Currency.

1111. Also, petition of machine stone workers, rubbers, and helpers of New York and vicinity, Local No. 5, New York City, urging the Federal Government to use stone fabricated in the Metropolitan district in the erection of Federal buildings; to the Committee on Public Buildings and Grounds.

1112. Also, petition of C. D. Mallory & Co., Inc., favoring the passage of House bill 4871 as an amendment to House bill 5040; to the Committee on Ways and Means.

1113. By Mr. MARTIN of Massachusetts: Petition of Aaron Solotist and other citizens of Fall River, Mass., protesting against the persecution of Jews in Germany, and requesting intercession by the Government of the United States; to the Committee on Foreign Affairs.

1114. By Mr. RUDD: Petition of Industrial Council of Cloak, Suit and Skirt Manufacturers, Inc., New York City, favoring President Roosevelt's national industrial recovery act; to the Committee on Ways and Means.

1115. Also, petition of machine stone workers, rubbers, and helpers of New York and vicinity, Local No. 5, New York City, favoring a Government building program to relieve unemployment; to the Committee on Ways and Means.

1116. Also, petition of C. D. Mallory & Co., New York City, favoring the passage of House bill 5040 as amended by the Senate; to the Committee on Ways and Means.

1117. Also, petition of Melchior, Armstrong, Dessau Co., New York City, favoring the enactment of the securities bill with certain amendments; to the Committee on Interstate and Foreign Commerce.

1118. By Mr. SUTPHIN: Petition of Pride of Monmouth Council, No. 27, Sons and Daughters of Liberty, urging immediate passage of House bill 4114; to the Committee on Immigration and Naturalization.

1119. Also, petition of Pride of Mechanics Home Council, No. 61, Sons and Daughters of Liberty, of Jamesburg, N.J., urging immediate passage of House bill 4114; to the Committee on Immigration and Naturalization.

1120. By Mr. WIGGLESWORTH: Petition of the mayor and City Council of Brockton, Commonwealth of Massachusetts, favoring a study of the entire matter of veterans' legislation in the hope that such study will bring a favorable adjustment, to the end that no veteran suffering from a disability incurred in line of duty while in the active military and naval service of the United States shall be called upon to bear a greater sacrifice than other classes of the American public, bearing in mind the hardships and tribulations that they endured during the period of war; to the Committee on Ways and Means.

1121. By Mr. WOLVERTON: Petition of Jewish residents of Collingswood, N.J., protesting against the treatment given the Jewish people in Germany; to the Committee on Foreign Affairs.

1122. By the SPEAKER: Petition of the city of Two Rivers, Wis., pertaining to the issuance of national currency to municipalities on the pledge of their bonds; to the Committee on Banking and Currency.

1123. Also, petition of the citizens of Washington, D.C., having no direct representation in the matter, earnestly petitioning their Representatives in Congress not to pass the increased tax assessments again recommended by the Mapes legislative committee, increasing levies on real estate, corporations, inheritances, automobiles, gasoline, etc., nor to reduce the Federal lump-sum appropriation, because we believe that any additional tax burdens just at this time would be a discouragement to business in general in the District of Columbia; to the Committee on the District of Columbia.

SENATE

SATURDAY, MAY 20, 1933

(Legislative day of Monday, May 15, 1933)

The Senate sitting as a court for the trial of articles of impeachment against Harold Louderback, judge of the United States District Court for the Northern District of California, met at 10 o'clock a.m., on the expiration of the recess.

The managers on the part of the House of Representatives appeared in the seats provided for them.

The respondent, Harold Louderback, with his counsel, Walter H. Linforth, Esq., and James M. Hanley, Esq., appeared in the seats assigned to them.

PROCLAMATION

The VICE PRESIDENT. The Sergeant at Arms will proclaim the Senate sitting as a Court of Impeachment in session.

The Sergeant at Arms made the usual proclamation.

THE JOURNAL

On motion of Mr. ASHURST, and by unanimous consent, the reading of the Journal of the Senate sitting as a Court of Impeachment for the calendar day of May 19 was dispensed with, and the Journal was approved.

The VICE PRESIDENT. What witness do counsel for the respondent desire to call?

Mr. LINFORTH. The witness Hunter was on the stand.

The VICE PRESIDENT. Call the witness. Has the witness been sworn?

Mr. Manager BROWNING. Yes, sir.

CROSS-EXAMINATION OF H. B. HUNTER (CONTINUED)

H. B. Hunter, having been previously sworn, was cross-examined further, and testified as follows:

By Mr. Manager BROWNING:

Q. Mr. Hunter, what was the total amount of money that you collected in the Russell-Colvin estate as receiver?—A. There was over \$3,000,000 of assets.

Mr. Manager BROWNING. Mr. President, I object to the witness' not responding to the question, and I ask that the reporter read it to him.

The VICE PRESIDENT. The witness will answer directly the question according to the information he has.

The WITNESS. In my opinion, there was over a million dollars collected for the estate in the way of the collection of accounts—cash, selling securities, credits on indebtedness, and so forth.

Q. Do you mean to tell me, in answer to my question, that you collected over \$1,000,000 of money as receiver? Answer, yes or no.—A. No; not in money.

Q. Then tell me the amount of money that you collected.—A. I think in the neighborhood of \$500,000.

Q. Now, what came into your hands in the form of securities, and how much which was not money but securities?—A. There was over a million and a half dollars of securities that were in the estate, which were partially liquidated or sold to satisfy indebtedness due by the estate to the extent of \$500,000, and also additional amounts were sold to satisfy the overborrowing of the partnership on customers' securities, which would leave about some \$800,000 to \$900,000.

Q. I will ask you again to state, not including money, which you state was \$500,000, but the securities alone that came into your possession as receiver for distribution to the owners?—A. I say it was around \$500,000.

Q. You recall the filing of a petition to put the concern into bankruptcy after the appointment of a receiver?—A. I am not familiar with the petition; no.

Q. You know it was filed?—A. Oh, yes.

Q. What class of claims was it that was represented in the petition? Was that what was known as the Sanderson claim?—A. If I may correct you, it was the Sendermen case. I do not think there was a claim filed in the Sendermen case.

Q. Was the petition filed by creditors of the concern?—
A. As I understand it, Paul Marrin, representing a creditor by the name of Olmstead, filed the petition.

Q. I am talking now about the petition in bankruptcy.—
A. Oh, the petition in bankruptcy. I do not know anything about that.

Q. Do you not know that it was the Sendermen claims that were represented by this petition in bankruptcy?—A. I have heard that, but I do not know it to be a fact.

Q. You do know the Sendermen claims were settled?—
A. I do.

Q. And that that eliminated the bankruptcy proceeding?—
A. I know that Sendermen was a partner in Russell-Colvin and claimed certain partnership profits and securities. He had a claim, I think, of twenty-five or fifty thousand dollars.

Q. And that claim was settled by you as receiver?—A. On the recommendation of counsel for the general creditors.

Q. And that eliminated the bankruptcy proceeding?—A. I am not certain that that eliminated the bankruptcy proceeding, but that was a part of the deal; yes.

Q. There was also a group of claims that you settled in full of those who were general creditors of the estate, was there not?—A. The preferred creditors in the general estate; yes.

Q. Part of those claims were represented by Mr. Kreft, who testified here yesterday, were they not?—A. That was an exception filed.

Mr. Manager BROWNING. Mr. President, I ask that the witness answer my question.

The VICE PRESIDENT. If the witness has knowledge, he must answer the direct question that the counsel asks.

Q. Part of those claims that were settled were represented by Mr. Kreft, who testified here yesterday, were they not?—
A. I know \$75,000 was paid to Mr. Kreft's clients.

Q. That was in full of his claim?—A. It was not in full.

Q. What percentage did you pay?—A. A very small part or percentage.

Q. Do you mean that he settled for less than was paid out to the other creditors?—A. No; but to avoid long litigation. Mr. Kreft claimed certain offsets, and, on recommendation of the counsel for the plaintiff and the defendant, the matter was settled.

Q. Were those recommendations from the counsel for the receiver?—A. They were not.

Q. Well, on whose advice did you settle that? Did you do it without advice from your own counsel?—A. My own counsel undoubtedly thought that was the advisable thing to do to save the estate from lengthy litigation.

Q. I will ask you again if it was on advice of counsel for the receiver that you made the settlement?—A. I would say so; yes.

Q. Now, Mr. Hunter, there was a certain amount of stock that you had on option and that you permitted the option to expire on without selling for the price that had been offered, was there not?—A. May I correct you on that?

Q. Yes.—A. There were certain bonds of the Consolidated Box deal which were on option to be sold to Mr. Blumberg, representing something like 21 bonds. I think there were conditions. There was an option to deliver them at a certain time; there was a letter of credit issued by the Wells, Fargo Bank guaranteeing payment; the due date on the option and the due date on the letter of credit varied 30 days.

Q. You did permit that option to expire without selling?—
A. I did.

Q. And what was the loss to the estate because of that lapse of the option?—A. The loss to the estate was \$4,200. That I do not consider a complete loss for this reason: There were 13 bonds pledged to the collector of internal revenue, guaranteeing him the payment of the income tax. If I had refused or had gone to him and said, "Now, you sell your bonds", it would have put him in a very difficult position. It would have lengthened the litigation by many months, fighting with the Government over the payment of their income tax. So that I took it to avoid a long-drawn

out litigation and justification for more fees and more expenses.

Q. It was out of your consideration for him that you let this option lapse, was it?—A. Out of consideration for Mr. Blumberg?

Q. Yes.—A. Not at all.

Q. You gave as a reason that he would have lost on his income-tax matter, as I understand.—A. No; the collector of internal revenue.

Q. But you did not take that into consideration when you let the option lapse, did you?—A. No, sir. The reason the option lapsed was due to a misunderstanding of the legal terms of the letter of credit.

Q. When you testified before our committee last September in San Francisco you took full responsibility for this yourself?—A. I do; as I always do in the administration of anything.

Q. And you did not offer at that time any excuse for your failure to sell on that option?—A. No, sir; there is no excuse when a man makes an error.

Q. How long were you connected directly as assistant to the president of the San Francisco Stock Exchange?—A. I think about 8 or 9 months.

Q. Have you been closely associated with the stock exchange or members of the stock exchange before and since that time?—A. I think so.

Q. Do you think you are very familiar with the attitude of the conduct of the stock exchange?

Mr. LINFORTH. Just a minute. I submit, Mr. President, that question is objectionable. The attitude of the stock exchange and its conduct should not be left to the opinion of the witness.

Mr. Manager BROWNING. I am asking him whether he knows it, and that is the only way we have to prove it.

The VICE PRESIDENT. What is the object of the testimony?

Mr. Manager BROWNING. The object of the testimony, Mr. President, is that this man, as assistant to the president of the stock exchange, and as directly connected with the members of the stock exchange, should know what the attitude of the stock exchange has been toward the liquidation of the estates of its members. The effort has been made here to try to show some kind of a suspicious interest on the part of the exchange in the settlement of this estate, and we want to prove what the attitude of the stock exchange really is in the case of these administrations.

Mr. LINFORTH. One minute, Mr. President. We submit their attitude on any matter other than the matter under consideration is purely immaterial to this inquiry, and I make the objection in the interest of time.

The VICE PRESIDENT. Is the purpose of the managers on the part of the House to show the general reputation of the stock exchange?

Mr. Manager BROWNING. No; the purpose is to show whether the activities of the stock exchange on matters that involve its members is in the interest of covering up something or the interest of protecting the public and economical administration.

The VICE PRESIDENT. The witness may be allowed to answer the question.

Mr. Manager BROWNING. I will ask the reporter to read the question.

The WITNESS. I think I recall the question. I have no knowledge of the attitude of the stock exchange.

By Mr. Manager BROWNING:

Q. Did you contact the attorneys for the stock exchange in the administration of this Russell-Colvin matter?—
A. I contacted every attorney in town interested in the estate, including the stock-exchange attorneys.

Mr. Manager BROWNING. I asked the witness one question, and I insist I have the right to an answer to that question.

The VICE PRESIDENT. The witness will answer the question directly.

The WITNESS. I did.

Q. Was that Mr. Lloyd Dinkelspiel and other members of the firm?—A. Lloyd Dinkelspiel.

Q. How often and in what relation?—A. Once when I asked him to come to sit in with a great many other attorneys who were there as to the method of handling the estate to approve the procedure that I was setting up so that I would have his approval and should not have a long-drawn-out litigation later.

Q. Who are the attorneys who were present in this conference?—A. Lloyd Dinkelspiel, Mr. Ackerman—

Q. Is that Lloyd Ackerman?—A. Lloyd Ackerman. Mr. Cohen—Aaron Cohen—a representative from Mr. Peart's office, Mr. Simon from the stock exchange, and several other attorneys. I do not recall the names now.

Q. Was Francis Brown there?—A. Oh, Francis Brown was there; yes.

Q. And De Lancey Smith?—A. I do not recall De Lancey Smith's being there, but I think Mr. Marrin was there.

Q. You mentioned some representative of the stock exchange other than Lloyd Dinkelspiel; who was that?—A. Mr. Simon.

Q. In what relationship did he represent the exchange?—A. Only as a member, I should say, and as a member of the board of governors.

Q. Throughout the administration of this estate, to your knowledge was there any effort on the part of anyone representing the stock exchange to cover up any act of this member of the exchange that would be hurtful to the public or to the creditors?—A. I do not know of any. I had full cooperation from the exchange.

Q. Mr. Hunter, when were your fees paid? What date was the money transferred from the receiver's account to your personal account in this case?—A. I think the estate had run about 15 months when the amount was allowed by the court of \$33,000 which I received. In another 6 months I think I was paid an additional \$7,500.

Q. I am asking the exact date on which the money was transferred from your account as receiver in this first matter of the allowance of fees to your personal account, and when the second amount was allowed and transferred to your personal account?—A. I do not recall. My records, which were subpoenaed in this case, and my bank account would show that. I do not recall the exact date. The cash account will show that.

Q. Will you consult the records in the hands of the clerk and give us that information?—A. I will try to; yes.

Q. Do you know the exact date on which the money was paid to the attorneys in this case?—A. Probably the same date.

Q. You will supply that for the record at the same time you supply the other?—A. Yes.

Q. I believe you stated yesterday that you did not divide your fees with anyone?—A. That is absolutely true. I think when you were in San Francisco and subpoenaed my account, I satisfied you in that regard. My account and my wife's account were investigated thoroughly and I think we accounted for every nickel.

Q. Soon after your fee was allowed to you in this case did you consult an attorney and tell him that you thought you were supposed to divide your fee with somebody?—A. I do not recall it; no, sir.

Q. If you had, would you know it?—A. I certainly would.

Q. Do you say now that you did not consult anyone at any time about a division of your fee?—A. Absolutely.

Q. Did you speak to an attorney about your fee after you got it?—A. I do not recall.

Mr. Manager BROWNING. That is all.

The VICE PRESIDENT. Are there any further questions?

Mr. LINFORTH. Just a question or two, Mr. President.

The VICE PRESIDENT. Proceed.

Redirect examination by Mr. LINFORTH:

Q. In line with the question asked you, did you submit your bank account and your wife's bank account to Mr. LaGuardia when the investigation was going on in San Francisco?—A. I did.

Q. Did you also, upon their demand or request, take them to your safe-deposit box, so they could examine your safe-deposit box?—A. Absolutely; both Mrs. Hunter's and my own box and accounts.

Q. They examined both your safe-deposit box and your wife's safe-deposit box?—A. Absolutely. No rock was left unturned.

Mr. LINFORTH. That is all.

Mr. KING. Mr. President, I wish to submit a question which I wish to propound.

The VICE PRESIDENT. The clerk will read the question submitted by the Senator from Utah.

The legislative clerk read as follows:

Q. The testimony indicates that you and your attorney consulted frequently. Was there any necessity to consult so often?

The WITNESS. There was, Senator. I think my daily record of service, in which I am rather methodical when I put down matters, shows that I consulted them almost daily on questions of law.

Mr. KING. Mr. President, I submit another question.

The VICE PRESIDENT. Let it be read.

The legislative clerk read as follows:

Q. State the reasons for such frequent consultations.

The WITNESS. There were hundreds and hundreds of questions that had to be settled in the liquidation of a brokerage concern, and these came up every day as I worked on the problem. As an instance of the questions I wished decision upon, I recall a few. The first thing that I wanted to know was what date would the securities be appraised. Would it be the date of the receiver's appointment or a later date or an earlier date? That is just one illustration. There are hundreds of them that you can find out from the record. I have a record of questions asked that I should be glad to submit if anyone cares to look at them.

The VICE PRESIDENT. Are there any further questions? If not, the witness will stand aside.

(The witness retired from the stand.)

EXAMINATION OF JOHN DINKELSPIEL

Mr. LINFORTH. We will call Mr. John Dinkelspiel.

John Dinkelspiel, having been first duly sworn, was examined and testified as follows:

The VICE PRESIDENT. The Chair appoints the Senator from Nevada [Mr. McCARRAN] to preside for this day.

(Thereupon Mr. McCARRAN took the chair.)

Mr. LINFORTH. Shall I proceed?

The PRESIDING OFFICER. You may.

By Mr. LINFORTH:

Q. Will you please state your residence and occupation?—A. My residence is San Francisco, Calif., and my occupation is attorney at law.

Q. What is the name of your firm?—A. Dinkelspiel & Dinkelspiel.

Q. At the time of the transactions which are under investigation who were the members of your firm?—A. For part of the transactions the firm consisted of my father, who was then living, Henry G. W. Dinkelspiel, and my brother, Martin J. Dinkelspiel, and myself. My father passed away in 1931.

Q. How long had he been practicing law in San Francisco?—A. He was admitted to the bar of San Francisco in 1891.

Q. In the 5 years which Judge Louderback was upon the Federal bench, in how many matters were you appointed attorney for a receiver?—A. Four.

Q. When he was upon the trial bench of the superior court for 8 years, were you appointed attorney for a receiver in any matter?—A. No, sir.

Q. In any of the fees allowed your firm in the four receivership matters to which you have referred, did Judge Louderback directly or indirectly receive any part or portion of them?—A. No, sir.

Q. Did anyone except yourselves receive any portion of those fees?—A. No, sir.

Q. Do you know Mr. W. S. Leake?—A. No, sir.

Q. Never met him?—A. Never in my life.

Q. In the case known as "the Sonora Phonograph case", you were attorneys for the receiver?—A. Yes, sir.

Q. Who was the receiver?—A. It was an ancillary receivership proceeding. There were two receivers in the first instance, the Irving Trust Co., of New York City, and G. H. Gilbert.

Q. Mr. Dinkelspiel, in answering my questions, in the interest of time, will you please cut out as much detail as you can and just give us the ultimate facts or conclusions?—A. Very well.

Q. Who was the receiver in that receivership?—A. The Irving Trust Co. and G. H. Gilbert.

Q. Did the Irving Trust Co. continue to act during the entire time, or was it relieved of its duties?—A. It was relieved of its duties.

Q. How long did the receivership continue, approximately?—A. Approximately 7 months.

Q. In that time, in round numbers, how much money was collected by the receiver?—A. Approximately \$350,000.

Q. Did the receiver carry on the affairs of that concern as a going concern?—A. He did.

Q. Did the receiver dispose of the assets which that company had within the northern district of California?—A. He did.

Q. In that matter what fees were allowed by Judge Loud-erback?—A. The receiver received sixty-eight hundred and some odd dollars, and the attorneys \$20,000.

Q. Was the amount allowed the receiver figured upon the statutory basis?—A. The fees allowed to the receiver in that case were fixed according to section 48 of the bankruptcy law.

Q. That established the amount that was allowed to the receiver. Is that correct?—A. Yes, sir.

Q. What amount was allowed to you?—A. \$20,000.

Q. Before that amount was allowed to you was there any agreement made by the representatives or attorneys of the home receivership in New York as to the amount that should be allowed you?—A. We filed an application for \$22,500. We submitted that to the attorney for the Irving Trust Co. and to the attorneys representing the creditors' committee in New York City. They advised us that we should file an ad interim account and that they agreed that as an interim allowance the court should allow us \$15,000 on account.

Q. Subsequently, when an additional application was made for \$7,500, was that taken up with the attorneys for the home receiver in New York, and was any suggestion or agreement made as to what should be allowed?—A. Yes, sir. The attorneys in New York City representing the trustees, and also the attorneys representing the creditors' committee, suggested that an allowance of \$2,500 be approved.

Q. In other words, the attorneys for the New York receivership consented to an allowance of \$17,500 in full?—A. That is correct.

Q. And the court allowed you \$20,000?—A. That is correct.

Q. You have the telegrams and the letters of those attorneys to that effect?—A. I have.

Q. You can produce them here if opposing counsel desires them?—A. I can, sir.

Q. Did you apportion or divide the fee received in that manner with anyone?—A. No, sir.

Q. Except your partners?—A. No, sir.

Q. Not a dollar of it?—A. No, sir.

Q. During that receivership, did you come in daily contact with Mr. Gilbert, the receiver?—A. Practically every day, sir.

Q. With respect to the work that he did as receiver, how did you find him, efficient or otherwise?—A. I found him efficient in that case, and believe that the people in interest also found his work efficient.

Mr. Manager SUMNERS. Mr. President—

Mr. LINFORTH. I consent that the part of the answer which purports to state what the others found him to be may go out.

The WITNESS. I am sorry.

By Mr. LINFORTH:

Q. Were you the attorney for the receiver in the Golden State Asparagus case, so called?—A. Yes, sir.

Q. In round numbers, what was the value of the assets of the Golden Gate Asparagus Co.?—A. In round numbers, slightly over \$1,000,000.

Q. And, in round numbers, what were its liabilities?—A. Its secured liabilities were approximately four or five hundred thousand dollars; and, in round numbers, its unsecured liabilities were about the same figure.

Q. Who was the receiver in that case?—A. George N. Edwards.

Q. Did you know Mr. Edwards before he had been appointed receiver?—A. No, sir.

Q. By the way, does your firm make a specialty of matters of this kind—liquidation matters?—A. Yes, sir. We have, I should say, a large bankruptcy and receivership practice.

Q. In the Asparagus Co. matter, how long did that receivership last?—A. It was commenced in September 1930 and it is still pending.

Q. During that receivership, did you ascertain that a great portion of its assets had been pledged and mortgaged to a certain bank?—A. When the receiver was first appointed, in September 1930, I might say generally that practically every asset of any value of the company was hypothecated to the Pacific National Bank of San Francisco.

Q. As the result of negotiations entered into by the receiver, Mr. Edwards, and yourself, with the assistance of others, did you liquidate the assets that were under pledge or mortgage?—A. We were able to pay off the loan to the Pacific National Bank in full and preserve an equity in the company of a considerable amount of money. I cannot fix the amount, because it depends on the value, based on economic conditions.

Q. How much was the obligation of that bank which you and the receiver, with the assistance of the others, liquidated and paid off?—A. Between \$225,000 and \$235,000.

Q. Do not go into detail, but state briefly how many petitions and applications of various kinds were prepared by you and presented to the court during the administration of that receivership?—A. We prepared, on behalf of the receiver, 18 separate rent-share base contracts and leases, all of which were different, and on which we could not use the previous form or basis to work out. We prepared a petition and negotiated to close the sale of some 16 acres to the Southern Pacific—

Q. Mr. Dinkelspiel, will you permit an interruption in the interest of time? Instead of stating what they were, unless it is asked for on cross-examination, will you state in round numbers the number of petitions that you prepared which were submitted to the court and passed upon by the court in that receivership?

Mr. Manager SUMNERS. Mr. President, may I suggest to counsel for respondent that it will perhaps save time if the witness will indicate in what connection these various documents were prepared. It might save time.

Mr. LINFORTH. In the interest of time, I leave that for the cross-examination, Mr. President.

The PRESIDING OFFICER. You may proceed.

The WITNESS. We prepared approximately 18 or 19 separate leases, probably 5 or 6 separate agreements, and numerous other agreements which were drafted and not executed.

Q. In round numbers, how much in cash did the receiver take in during his receivership?—A. I do not believe I could answer that question without referring to the receiver's account.

Q. Could you answer, in round numbers, whether it was several hundred thousand dollars or a few dollars?—A. I could not give an answer on that.

Q. The receiver took in more than enough to pay the bank two hundred and odd thousand dollars, did he not?

Mr. Manager SUMNERS. We object to that question, Mr. President.

Mr. LINFORTH. My embarrassment is that I am trying to save time.

Mr. Manager SUMNERS. I withdraw the objection.

The PRESIDING OFFICER. The objection is withdrawn.

The WITNESS. I could not give you a proper answer without referring to the receiver's account, which is on file with the papers.

Q. In that matter, to your knowledge, was an arrangement made between the attorneys representing the plaintiff and the attorneys representing the defendant in that case with reference to the compensation of the receiver?—A. Yes, sir.

Q. What was the arrangement made with those attorneys as to the compensation of the receiver?—A. The receiver was to receive \$1,000 per month.

Q. How much did you apply for as one of the attorneys for the receiver?—A. \$14,000, covering 1 year's services.

The PRESIDING OFFICER. Just a moment. The Chair assumes that when you use the word "you", you mean the firm, do you not?

Mr. LINFORTH. Thank you, Mr. President, for the suggestion.

By Mr. LINFORTH:

Q. When I say "you", I mean your firm.—A. \$14,000 for 1 year's services.

Q. Before that application came on for hearing, was there any discussion between you and the receiver and the attorneys for the American Can Co., the plaintiff in that case, with reference to the amount that should be allowed to yourself and the receiver?—A. Yes, sir.

Q. Who was that attorney?—A. Mr. Fox, of Chickering & Gregory, and Mr. Richter, of Cushing & Cushing.

Q. What amount was agreed to as the reasonable value of the services of the receiver and the attorney?—A. We were unable to agree to any figure. Mr. Richter, who represented the defendant company, advised us that his client no longer had any direct interest in the situation, and referred us to the creditors' committee and to Mr. Fox, who represented the American Can Co., who was the petitioner in the action. We took up the matter with Mr. Fox, and advised him that we were considering filing a petition both for the receiver and for his attorneys for \$15,000 apiece to cover the 1 year's service. Mr. Fox said, "Well, I should rather not pass on that. I will suggest that you take up the matter with Judge William J. Hayes", who was the attorney for the San Francisco Board of Trade, and who was representing numerous creditors.

Q. Did you take it up with Mr. Hayes?—A. We did, sir.

Q. What amount did Mr. Hayes suggest?—A. He suggested that a fee of \$10,000 would be in order.

Q. Did the matter come on subsequently before Judge Louderback for hearing?—A. Yes, sir.

Q. At that hearing did Mr. Hayes suggest that he thought \$10,000 would be reasonable?—A. Mr. Hayes' statement in court was, he advised the court that we had discussed this matter with him; that we had offered at that time—we felt, if I may recount that conversation a little more fully—

Q. Mr. Dinkelspiel, I want you, please, to be as brief as possible, and cut out details.—A. Judge Hayes advised Judge Louderback, when the matter came on for hearing, that he was neither approving nor disapproving of the application made, but that he was instructed by his clients to state that in their opinion an allowance should be made of \$10,000 covering 1 year's services.

Q. Did the court make any statement to Mr. Fox, representing the American Can Co. and its attorneys, Chickering & Gregory, as to what amount in his opinion was reasonable?—A. Yes, sir.

Q. What did Mr. Fox reply?—A. Mr. Fox suggested, instead of making the allowance for 1 year's services, in view of the fact that the application was being heard about 16 or 18 months after the inception of the receivership, that Judge Louderback make the allowance on account of services rendered to date.

Q. Was there any question from the judge to Mr. Fox as to what, in his opinion, the services were worth?—A. Yes, sir.

Q. What took place in that respect?—A. The judge asked Mr. Fox, on his suggestion, what he felt should be a proper allowance on account, as distinguished from our application for 1 year. Mr. Fox stated \$15,000.

Q. In the submission of the matter, how much did the court allow you and how much did the court allow the receiver?—A. To the receiver, \$14,000 on account; and to ourselves the same amount on account.

Q. Was any appeal ever taken from either order?—A. No, sir.

Q. With reference to that fee of \$14,000, to your absolute knowledge did the respondent, Judge Louderback, ever receive a cent of it?—A. No, sir.

Q. Did anyone except the firm of Dinkelspiel & Dinkelspiel ever receive a cent of it?—A. Absolutely not.

Q. You made no contribution and no division to anybody of any part of that fee?—A. No, sir; no, sir.

Q. Were you—and when I say "you" I mean your firm—the attorneys for the Fageol Motors Co.?—A. For the receiver in equity of the Fageol Motors Co.

Q. That is what I meant, Mr. Dinkelspiel. May I amend the question? Was your firm the attorneys for the receiver of the Fageol Motors Co.?—A. Yes, sir.

Q. And who was the receiver?—A. G. H. Gilbert.

Q. How long did that receivership last?—A. From February 1932 until sometime in July of 1932.

Q. In that matter, do you know who allowed or fixed the compensation of the receiver and his attorneys?—A. Yes, sir; the referee in bankruptcy at Oakland, Calif., Burton K. Wyman.

Q. Did Judge Louderback, the respondent here, have anything whatever to do with fixing those fees?—A. No, sir.

Q. In the application made, how much was requested as fees of the attorney and the fees of the receiver?—A. The attorneys requested \$10,000 and the receiver \$6,000 or \$6,500; I do not recall the exact amount.

Q. In open court upon the hearing of that application, did the creditors consent to the payment of those amounts?—A. Yes, sir; those allowances were made by us after several conferences with the creditors, and made at their suggestion as to a reasonable fee to ask for.

Q. Mr. Wainwright was the representative of the largest unsecured creditor?—A. He was.

Q. And Mr. Ross was the representative of the Waukesha Co., the next largest unsecured creditor?—A. He was.

Q. Were both of them present in court at the time of the application for fees?—A. I believe so.

Q. And did they, as well as the other creditors present, consent to the allowance of \$10,000 as attorney fees, and \$6,500 as fees of the receiver?—A. Absolutely.

Q. And after their consent, what order did the court make?—A. It allowed the attorneys \$6,000 and to the receiver \$4,500.

Q. Did anyone except Dinkelspiel & Dinkelspiel receive any part or portion of that fee?—A. No, sir.

Q. No division of any part or portion was made to Judge Louderback or anyone else?—A. Absolutely not.

Q. By the way, did Mr. LaGuardia, when in San Francisco, examine the bank accounts of Dinkelspiel & Dinkelspiel?—A. He did.

Q. Were they all turned over to him, together with the vouchers and checks?—A. Yes, sir.

Q. Was that before the hearing which took place subsequently in San Francisco?—A. Prior to the hearing and during the pendency of the hearing at San Francisco.

Q. Did you at that time furnish to him all information and all data relating to your bank accounts that he requested?—A. Yes, sir.

Q. In either the Sonora Phonograph matter or the Golden State Asparagus matter, was there any litigation?—A. There was no litigation in the Sonora Phonograph Co. There was some in the Golden State Asparagus Co.

Q. How many suits did you commence in the Golden State Asparagus Co. case?—A. I think, up to the present time, five.

Q. Did at least one of them go to trial?—A. Yes, sir; one case was tried before Judge St. Sure in the Federal court at San Francisco.

Q. Did your firm try it?—A. Yes, sir.

Q. Did that result in a judgment in favor of the receiver?—A. It did, sir.

Q. For how much money?—A. Seventeen-odd thousand dollars.

Q. In that matter did you employ, or did the receiver under your instructions employ, a firm of accountants to make an audit?—A. We employed a firm of accountants in the Fageol Motor Co. matter.

Q. Who was that firm of accountants?—A. Lybrand, Ross Bros. & Montgomery.

Q. At whose suggestion or request did you employ those accountants?—A. At the suggestion of Mr. Wainwright, of the bank, and at my own suggestion.

Q. When you employed those accountants, did you have any understanding with them as to what the maximum charge or fee was to be?—A. Yes, sir.

Q. What was it?—A. Not to exceed \$5,000.

Q. Did you take that up with Mr. Wainwright representing the creditors, and did it meet with his approval?—A. It did.

Q. Subsequently a bill for how much was received from those accountants?—A. Some fifteen and odd thousand dollars.

Q. Did you oppose the bill?—A. When the bill was submitted, the equity receivership had terminated—

The PRESIDING OFFICER. Answer the question "yes" or "no", and then explain if you care to.

The WITNESS. Yes.

By Mr. LINFORTH:

Q. After the Fageol Motor Co. went into bankruptcy and Mr. Street was appointed as receiver, did you cooperate with him in opposing that bill?—A. I did.

Q. The other receivership matter in which you represented the receiver was the Prudential Holding Co.?—A. Yes, sir.

Q. And Mr. Gilbert was the receiver in that matter?—A. Yes, sir.

Q. How long did that receivership last?—A. About a month or 6 weeks.

Q. Did you take any part in the proceedings made to dismiss the receivership?—A. No, sir.

Q. Did you apply for or did you receive any compensation in that matter?—A. No, sir.

Q. Did the receiver apply for or receive any compensation in that matter?—A. No, sir.

Q. Then, am I correct in saying that the only compensation you ever received in any matters under appointment by Judge Louderback, where you represented the receiver, was in the three matters you have already referred to?—A. That is correct.

Mr. LINFORTH. You may take the witness.

Mr. KING. Mr. President, I submit two interrogatories dealing with the fee of \$20,000.

The PRESIDING OFFICER. The clerk will read the interrogatories.

The legislative clerk read as follows:

Q. Was the reasonable value of the legal services of your firm worth the amount allowed, \$20,000?

The WITNESS. In my opinion it was, sir.

Q. What was the provision of the statute which you state authorized the payment of \$20,000?

The WITNESS. The Senator misunderstood my answer. There is no provision in the statute providing for compensation to attorneys for receivers or trustees. The reference I made is that the receiver's compensation in that case was pursuant to the bankruptcy act.

The PRESIDING OFFICER. The managers on the part of the House may cross-examine.

Cross-examination by Mr. Manager BROWNING:

Q. Mr. Dinkelspiel, what other cases, representing receiverships in other courts than Judge Louderback's, has your

firm been in since your father's death?—A. We represented the receiver in the American Radio Stores, a case before Judge St. Sure.

Q. Who was the receiver?—A. Bartley C. Crum. We represented a case of Hirsh Millinery Co., where the receiver was Morris Rodgers, appointed by Judge Kerrigan.

Q. What were your fees in each of those cases?—A. The fees in the American Radio Stores were some \$2,000, as I recall at the present time.

Q. And in the other case?—A. I do not recall, Mr. BROWNING.

Q. Who knows that?—A. The court records would show it. I have not refreshed my memory on it for some time.

Q. It was less than \$2,000, was it not?—A. I believe so.

Q. How long did the Sonora Phonograph Co. case last?—A. Seven months, approximately; 6 or 7 months.

Q. This concern was conducted for a part of that time as a going business?—A. Yes, sir.

Q. What other attorneys assisted in the conduct of this receivership?—A. In California?

Q. Yes.—A. None, except in one or two instances or several instances, the exact number I do not recall, where we engaged counsel in various cities of California and on the Pacific coast to assist in the collection of accounts.

Q. They were paid out of the estate?—A. Yes, sir.

Q. Was there a single claim in that case that went to litigation?—A. No, sir.

Q. And you attended to all the work yourself?—A. Yes, sir.

Q. How did you get into that case, Mr. Dinkelspiel?—A. We were requested by an attorney in New York City, who represented certain creditors, to file a petition for the appointment of an ancillary receiver in California.

Q. Were you a member of an association or some list of collection attorneys that brought you that business?—A. No, sir.

Q. How did you get your connection with this concern?—A. I assume they knew of our firm. We are representatives in San Francisco in several law lists.

Q. What date did you receive your fee in that case?—A. The fee was allowed in two parts, one in May of 1930, and the balance of \$5,000 in July of 1930.

Q. Your correspondent who requested you to file this petition for ancillary receiver was also in this same law list, was he not?—A. I do not know.

Q. Are you not acquainted with the lists in which you are listed?—A. No, sir; we are listed in probably 25 or 30. He possibly knew our firm from the Commercial Law League of America, of which at one time my father was president, and was prominent in its activities.

Q. Do you not know that is how you got it?—A. I do not know how we got it; no, sir. I assume by reason of the facts I have given you that our firm was known to the attorney in New York City.

Q. Did this correspondent of yours ever ask for a portion of this fee?—A. No, sir.

Q. Did he not ask you for a third of it under the commercial regulations as to the division of fees?—A. No, sir.

Q. Or no part of it?—A. We understood at one time—

The PRESIDING OFFICER. Answer that "yes" or "no" and then explain afterward.

The WITNESS. He never asked for it. May I explain?

The PRESIDING OFFICER. Yes.

By Mr. Manager BROWNING:

Q. Yes; go ahead and explain.—A. It had been customary, and still is customary, when legal matters are forwarded from these law lists which I have described, that the receiving attorney is entitled to two thirds of the fee which may be allowed, and the forwarding attorney one third. We assumed at that time that it would be proper, in view of the custom, that he would receive one third of any fee which we were to obtain. During the course of that administration the United States Supreme Court rendered a decision frowning upon that procedure, and on the strength of that decision we advised him that, regardless of whether he anticipated

receiving a fee from us or not, he was not to receive any, and there never was any division of fee with that party.

Q. Was your father living at the time you filed this petition?—A. Yes, sir.

Q. How much of your time each day did you put in in the administration of this receivership during that 6 months?—A. I would approximate 3 or 4 or 5 hours a day. It is all set forth in a verified petition with the court papers, Mr. BROWNING.

Q. The last appropriation that was made to you was contested by every interest in the case except the receiver, was it not, and especially by the Irving Trust Co.?—A. Yes, sir.

Q. In the Golden State Asparagus Co. case, Mr. Fox and Mr. Richter were just as active as your firm in the administration of that receivership, were they not?—A. Absolutely not.

Q. You do know that they stopped the forced sale—A. They did not.

Q. (Continuing.) Of the property, before you were appointed as attorney in the case?—A. They did not.

Q. When were you appointed?—A. We were appointed on—I have forgotten the exact date in September 1930.

Q. How many days after Mr. Edwards was appointed as receiver were you appointed?—A. I think 1 or 2 days.

Q. You do know that the forced sale was stopped the day he was appointed, do you not?—A. I know that the president of the bank told us that he would have no further dealings with Mr. Fox, and it was through our efforts that the sale was continued.

Q. Although it was 2 days before you were appointed that the sale was actually stopped, you are willing to say that now?—A. No, sir; the sale was, as I recall it, noticed to be held 2 days thereafter. Prior to the receivership a sale had been noticed, and the bank decided sufficient notice had not been given. It accordingly readvertised the sale to be held after the appointment of Mr. Edwards as receiver.

Q. And that was the day he was appointed?—A. No, sir; after, as I recall.

Q. Do you mean to say now that it was after you were appointed as the attorney?—A. That the sale was to take place; yes, sir, as I recall it at this time.

Q. You also know that Mr. Fox and Mr. Richter and their firm were very active in helping prepare all these leases and transactions you have described as coming within your services in the case?—A. No, sir.

Q. Did they do any part of it?—A. We prepared every lease that is described.

The PRESIDING OFFICER. Answer the question.

By Mr. Manager BROWNING:

Q. Did they do any part of it?—A. Simply consulted with us after we had prepared the leases.

Q. But you did consult with them about all of these transactions?—A. Absolutely.

Q. And got their advice on it?—A. We submitted it to see if it would be satisfactory to them and if they had any suggestions to make.

Q. And you had their full cooperation?—A. Yes, sir.

Q. Have you been paid your fee of \$14,000?—A. Been paid \$5,000.

Q. Why have you not been paid it all?—A. Because we did not feel that in view of the present economic conditions it would warrant drawing out any more money from the company.

Q. Was there any in there to draw out?—A. There was a potential amount at that time, but since the allowance was made the price of asparagus has dropped from 4 cents a pound to 2 cents a pound.

Q. Can you pay fees out of potential matters?—A. Yes, sir; we anticipated that the crop which had been harvested or was ready to be sold at that time would be sold at the then existing market price.

Q. What they had for sale was asparagus, was it not?—A. Yes, sir.

Q. And you could not take your fee in asparagus, of course?—A. We do not expect to, sir.

Q. In the Fageol Motors case, what were the assets of that concern, do you recall?—A. The assets were in excess of a million dollars in round figures.

Mr. KING. If I am not violating any rule, I wish to inquire what was the case to which counsel referred?

Mr. Manager BROWNING. The Fageol Motors Co.

Q. What was the nature of their business?—A. Automobile assembling and manufacturing plant.

Q. Did it have an extensive business up and down the Pacific coast?—A. Yes, sir.

Q. How many States did it stretch over?—A. Washington, Oregon, Utah, and California principally.

Q. They not only manufactured bodies and other parts of automobiles but they had an assembling plant, did they not?—A. Yes, sir.

Q. And they had sales agencies and service also?—A. Yes, sir.

Q. How long did this receivership last?—A. From February 17, 1932, until some time in July of 1932.

Q. How much of your time did you devote to that concern?—A. I should say on an average of half a day for 4 or 5 days a week.

Q. For how many months?—A. During the first part of the receivership, not so much after we had the thing running along.

Q. How long do you count "the first part of the receivership"?—A. About 3 months.

Q. And after that time what part of your time did you devote to the business?—A. I cannot say offhand, Mr. BROWNING. May I refer you to the account which we filed?

Q. Can you approximate it?—A. I would not dare do that, sir.

Q. But you did have something to do with it every day?—A. Practically every day; yes, sir.

Q. Did you have any litigation?—A. We filed some suits for the company.

Q. How many?—A. I think three direct suits as such.

Q. Did they go to trial?—A. Two of them did.

Q. And were they on matters of collection?—A. Yes, sir.

Q. Were you successful in those suits?—A. Yes, sir.

Q. How much did you recover for the concern?—A. Several hundred dollars; they were small matters.

Q. Do you know how much money came into the hands of the receiver in this case?—A. I would not give an opinion on it. The records will show that.

Q. Approximately how much? You gave the amount in some of these other cases. Are you not as familiar with this one as with the other cases?—A. No; I am not, without referring to the records. I have a notation in my file, and if I might refer to that I could give it.

Q. Please refer to it.—A. (After examining file.) The receiver collected approximately \$120,000 in accounts receivable and liquidated about \$150,000 of the inventory.

Q. That was about \$270,000 that he, in fact, handled?—A. Converted into cash, I am referring to, sir.

Q. Yes. Now, in comparison to the other receivership, in the Sonora Phonograph case, did you do as much work in this one as you did in that?—A. About the same.

Q. And did you do as much work in this as you did in the Golden State Asparagus case?—A. No, sir.

Q. You did not do as much in this?—A. Well, probably about the same; it is hard to say exactly.

Q. This was straight liquidation, was it not?—A. Are you referring to the Fageol Motors case?

Q. Yes.—A. No, sir.

Q. It was a going concern and operated during the receivership?—A. Yes, sir.

Q. The Golden State Asparagus case is a going concern?—A. Yes, sir.

Q. There is no liquidation about it?—A. No, sir.

Q. You say the employment of these accountants was agreed to by Mr. Wainwright?—A. May I recount the circumstances of that, sir?

Q. Yes.—A. Two or three days after the receiver was appointed we received a report or statement from a man named Crook, who had been an accountant of the company.

Mr. Wainwright brought that to my office and we discussed it together and decided that it was absolutely no good to us in determining any sort of a policy in connection with the company. We decided that it would be necessary to engage reputable accountants to handle the work. I discussed the matter with Mr. Bronson, who represented the defendant company, and he approved of the suggestion, stating that the cost would not be too great. I asked him if he had any suggestion as to whom to employ. He said "no." I then interviewed 2 or 3 or 4 people in reference to prices in connection with the work. I finally determined, on behalf of Mr. Gilbert, that Lybrand, Ross Bros. & Montgomery, who, I understand, are one of the largest accountant firms in the United States, be employed for the reason that they had branches in every city where the company had branches. They submitted a certain statement to me of what the charge would be, and we agreed that it would be about \$5,000. I said that the ultimacy would have to be subject to the approval of the court, but I wanted to understand about what the charge would be at the present time. I submitted that to Mr. Wainwright, and he approved it.

Q. What did you tell the auditor that you wanted in the way of a report; just what information did you want?—A. We had to have a comprehensive balance sheet, the segregation of the accounts receivable, and the segregation of commercial accounts receivable that had been assigned and discounted with various finance companies.

Q. What you were after was a balance sheet?—A. Yes, sir.

Q. Did you have a definite contract with these people that the charge was not to exceed \$5,000?—A. As I explained to you, it was agreed between us that the fee would be around \$5,000, but I specifically put in the order that any allowance to them would be made subject to the approval of the court, which I felt was a sufficient safeguard against any overcharge.

Q. Then you did not have any agreement with them at all, except that the court would fix the fees for the auditor. Is that right?—A. No, sir; I had an agreement with them; I had an understanding with them.

Q. Why did you leave it to the court?—A. Because I knew that any agreement in an equity receivership must be subject to the court's approval. I had no authority to engage them, and I had no authority to bind them as to any particular fee.

Q. But you did not put into the order "not to exceed \$5,000", did you?—A. No, sir.

Q. You did tell Mr. Wainwright and Mr. Bronson that the fee would not exceed \$5,000?—A. Yes, sir. That was my understanding.

The PRESIDING OFFICER. May the Chair inquire what was finally paid in that case?

Mr. BROWNING. Will the witness answer?

The WITNESS. I do not know, sir, because I was not interested in the case when it came up; it was compromised; I know that.

By Mr. Manager BROWNING:

Q. The record does show that it was \$11,000 or \$12,000 was it not?—A. I do not know; I know there was a compromise.

Mr. LINFORTH. Mr. President, I do not think that counsel should make a statement not in accord with the record of the testimony. It was reduced to \$6,000 or \$7,000.

Mr. Manager BROWNING. Mr. Peterson testified, in chief here, that it was between \$11,000 and \$12,000, and put it in the record, and it is in the record here now.

The PRESIDING OFFICER. If the witness does not know, he need not answer.

By Mr. Manager BROWNING:

Q. You say you had a lawsuit in the Golden State Asparagus case in which you made a recovery. What was the nature of that case?—A. When the receiver was appointed it appeared that the Golden State Co. had advanced some \$15,000 to a man named Neilson, who is president of the Golden State Asparagus Co. Neilson was in partnership with two other people. We discussed the

situation with Mr. Richter, who was attorney for the company, and Mr. Richter advised us that the Golden State Co., and, therefore, the receiver, had no claim other than a partnership accounting. We checked into this situation on our own account and advised the receiver, against Mr. Richter's advice, that, in our opinion, we had a claim for moneys advanced and that the Golden State Co. was not a partner of this other outfit and when we could not obtain a settlement from them filed suit in the Federal court, which was heard before Judge St. Sure, and judgment was rendered in the receiver's favor for the sum of seventeen-odd thousand dollars.

Q. Mr. Dinkelspiel, why did you not apply for a fee in the Prudential Holding Co. case?—A. Because I checked into the law and I found, in view of the order made by Judge Louderback abandoning the receivership, that we had no legal right to do so.

Q. You mean by that that the court could not allow a fee for the services you had already rendered?—A. No; in view of the court's order invalidating its order appointing a receiver; no, sir. I checked the law on that and I believe I am correct in my conclusion; otherwise, though the services rendered were not very great, I should have filed an application.

Q. Then, your understanding of the law is that when the judge or any court invalidates the appointment of a receiver he is entitled to no compensation?—A. Yes, sir.

Q. When was the first information you had of the origin of the Prudential Holding Co. case?—A. Mr. Gilbert called me and said he had been appointed receiver.

Q. What was the first case you were in with Mr. Gilbert?—A. The Sonora Phonograph Co. case.

Q. How did he happen to select you as attorney in that case?—A. He was named by Judge Louderback, and we requested of Judge Louderback that we be retained in that case as counsel for Mr. Gilbert and the Irving Trust Co. as coreceivers. The judge, I imagine, instructed Mr. Gilbert to do so.

Q. Whom do you mean by "we"?—A. I am referring to our firm, sir.

Q. Was your father living at that time?—A. Yes, sir.

Q. He was really the head of the firm?—A. Yes; at that time, sir.

Q. Who else were members of the firm at that time?—A. My brother and myself.

Q. Did you personally know Mr. Gilbert before that time?—A. No, sir.

Q. Where did you first meet him?—A. Either at my office or at the chambers of the judge.

Q. When Mr. Gilbert went to the chambers of the judge and qualified, were you there?—A. I do not recall, sir. It was 3 years ago, and I do not remember where I did first meet Mr. Gilbert. It was either out there or at my office.

Q. In that first conversation Mr. Gilbert told you that he expected to appoint John Douglas Short, did he not?—A. Yes, sir.

Q. And you told him that you were to be appointed?—A. We expected to be appointed; yes, sir.

Q. Well, who else did he talk to before he made the recommendation of you to the court, except you?—A. I have no idea.

Q. Did he make a recommendation then and there when you first talked to him? Did he sign the petition for your appointment at that time?—A. No, sir.

Q. How long after that did he sign it?—A. I would say within 24 or 48 hours; I do not recall the exact time, sir.

Q. Did he come to your office and sign the petition?—A. Yes, sir.

Q. You drew it for him?—A. Yes, sir.

Q. How did you get the notice that you were to be the attorney in the Fageol Motors case?—A. Through Mr. Gilbert.

Q. Did he call you or come to see you?—A. I believe he phoned me and then came down to my office.

Q. What time of day did he phone you?—A. I think it was some time early in the afternoon.

Q. Would you say before 2 o'clock?—A. I would not say. It was around that hour. I could not say. I made no note of the hour.

Q. What time did you qualify?—A. I would say about 3 o'clock. I would say about an hour after he phoned, and I believe he came down to my office about an hour after that.

Q. You and he went to the judge's chambers then together?—A. Yes, sir.

Q. You were advised that you were to be appointed, and you had the orders drawn?—A. I assumed I would be appointed when Mr. Gilbert called me and asked me to act, and I prepared the orders and asked him, as I remember it, to come to my office, and that we would arrange to obtain the necessary bond for his qualification and such other papers as are necessary to properly qualify a receiver.

Q. You then went to the judge's chambers before you went to the clerk's office to qualify?—A. You cannot qualify in the clerk's office until you go to the judge's chambers and have the judge approve the bond.

Q. I ask if you did not go to the judge's chambers before you went to the clerk's office to qualify?—A. Yes, sir; to have the bond approved.

Q. Did the judge at that time sign the order to approve the bond?—A. Yes, sir.

Q. And you took it to the clerk's office and qualified?—A. Yes, sir.

Q. The first thing you did after that was to call Mr. Bronson, was it not?—A. I took a taxicab to my office and phoned Mr. Roy Bronson.

Q. He asked you at that time if Gilbert had already qualified?—A. Yes, sir.

Q. And you told him that he had?—A. Yes, sir.

Q. Did he tell you why he asked you that?—A. No, sir.

Q. Did he then make an engagement with you to talk to you about the case?—A. I asked him if I could make an appointment with him for that afternoon, and he advised me it was too late in the afternoon and we would make it for the morning. There were 5 or 6 various interests involved, and he made an engagement, as I recall, for 11 o'clock the following morning.

Q. To refresh your memory, did he not request you at that time for a conference, and you told him you could not see him until next morning?—A. No, sir. To the best of my recollection, I asked him for a conference that afternoon, and, to the best of my recollection, he said it was too late that afternoon, that we would make it in the morning. I may be mistaken, but that is the very best of my recollection.

Q. You did have a conference the next morning?—A. Yes, sir.

Q. Mr. Gilbert went with you?—A. Yes, sir.

Q. These men at that time cross-examined Mr. Gilbert on his qualifications for this work?—A. Very thoroughly.

Q. They told him they found him thoroughly incompetent so far as his experience and his attitude were concerned?—A. I did not hear them make any statement to his face to that effect, sir.

Q. Not to that effect?—A. No, sir. They merely asked questions in regard to his various qualifications and activities, to which he answered, and what conclusion of mind they came to I do not know because to the best of my recollection they did not express it so I could understand it.

Q. Do you not know they told him that his responses did not satisfy them at all, or his qualifications?—A. No, sir; I do not recall them having made that statement.

Q. Or that in substance?—A. No, sir.

Q. At that time they asked you and asked him to agree, if he stayed in, to let the creditors' committee run the estate, did they not?—A. Not in that language; no, sir. They asked us to cooperate with them.

Q. What did you understand by that?—A. At that particular moment I did not understand it until I had a conversation at 2 o'clock that afternoon with Mr. Wainwright.

Q. What did he state in that conversation?—A. He advised me that he was very disappointed at first in the ap-

pointment of Mr. Gilbert, but that he felt satisfied after attending the meeting that morning. His exact language was that he was afraid of the appointment of a stranger; that he had been interested, or his bank had been interested, in another case in Oakland where another receiver had been appointed, and, in his language, the receiver had run roughshod over the creditors and that they had had an awful time managing the receiver, but that with the assurance of Mr. Gilbert and ourselves that we would work together with them and be guided by such suggestions as they had, he would be satisfied.

Q. In fact, he asked you to consent then and there to let them run the receivership, in effect, did he not?—A. No, sir; absolutely not.

Q. But at that time you did agree to do everything they asked you to about the estate?—A. Certainly. They were the parties in interest and we wanted to work along with them.

Q. They told you then there would not be any big fees in this case if it stayed in receivership?—A. They asked about the fees and we said, "Gentlemen, you need not worry, because before any application for fees be made we will submit the matter to you and have you pass upon it."

Q. They insisted there would not be any big fees in that case if it stayed in receivership?—A. There was no insistence. There was no enmity of any kind. It was a gentlemen's discussion and we met them voluntarily in answer to their questions. There was no insistence on their part, though.

Q. You do not consider that you made an agreement at that time to keep the fees below the ordinary fees allowed in matters of this kind?—A. We only discussed the matter of fees as I pointed out; that we would take it up with them when the proper time came.

Q. You made no other assurance than that about the fees?—A. No; not as far as I can recall.

Q. Do you not know at that time you and Mr. Gilbert agreed that they should employ a man who knew the business and send him out there to have active charge of it?—A. At that time, no, sir; absolutely not at that time.

Q. At what time did you do it?—A. That afternoon Mr. Wainwright and Mr. Gilbert and myself went over to Oakland. Another creditor was to come, but did not appear. We went over the situation in a hurried manner and found out at that time that the president of the company, a man named Bill, had as his assistant and sales manager his son, who was drawing, in our opinion, a high salary and had run the company behind the previous year some \$700,000. We decided the first thing to do was to put in a new manager, and that, therefore, if we let the so-called "Bill family" go, we would have to get someone else in. Mr. Wainwright said, "I can recommend an excellent man to you", which he did, and that man was Mr. Lundstrom. Meanwhile certain other creditors recommended a Mr. McKenzie. Mr. Gilbert and I interviewed both of them, and finally we discussed the matter together and with Mr. Wainwright, and in view of Mr. Wainwright's nomination of Mr. Lundstrom we determined to take him and let the Bill family go.

Q. At that time you did employ Mr. Lundstrom and put him in full charge of the business?—A. No, sir. He was employed a week afterwards.

Q. After you did employ him, you put him in charge of the business?—A. I should not say full charge.

Q. What did you give him to do out there? What authority did he have?—A. I was not out there very much myself, and it would be difficult to answer; but I believe he had charge of the manufacturing and assembling and to some extent of the sales.

Q. What else was there to do and have charge of?—A. There is quite considerable work to do.

Q. I mean what other branch of the industry was there to have charge of?—A. It was determined by Mr. Gilbert, when he stepped in there, together with the cooperation of the other creditors, that as a matter of economy, the branches at Los Angeles, at Seattle, at Tacoma, at Portland, and at Salt Lake City should be immediately closed.

Q. Who determined that?—A. I think Mr. Wainwright and Mr. Lundstrom and Mr. Gilbert and myself had a meeting.

Q. Who suggested it?—A. I could not say.

Q. Do you not know that Mr. Gilbert never made the suggestion?—A. I know that it was Mr. Gilbert's suggestion that the Bills be removed from the business, and it was a valuable suggestion.

Q. I am talking not about the Bill family but about the suggestion of closing those branches. Do you not know Mr. Gilbert never made that suggestion?—A. I do not know. I could not say yes or no.

Q. Do you not recall that Mr. Wainwright was the man that actually suggested it, and you took his suggestion?—A. I do not think that is absolutely true. I do not know how many suggestions Mr. Wainwright made and how many Mr. Gilbert made, but we were all meeting together on and off and discussing the situation as best we could.

Q. Tell me one suggestion Mr. Gilbert made about the conduct of the business, an independent suggestion.

The PRESIDING OFFICER. That you know of.

The WITNESS. As I recall, Mr. Gilbert suggested to me in reference to the discount companies who owned some \$800,000 worth of contracts which the company had previously discounted, that we enter into an agreement with them whereby we would be allowed to resell the motor trucks which had been repossessed, charging the finance company the expense of resale and the expense of repair. That meant a great deal to the company.

By Mr. Manager BROWNING:

Q. You do not know whether Mr. Wainwright suggested that to Mr. Gilbert before he suggested it to you, do you?—A. No; I cannot say that.

Q. What had been Mr. Gilbert's previous experience before this appointment?—A. He told me he was with the Western Union Co.

Q. The Western Union Telegraph Co.?—A. Yes, sir.

Q. Do you not know that throughout the Sonora receivership he worked regularly for the Western Union Telegraph Co.?—A. I know it, because he told it to me; yes, sir.

Q. When he began in the Fageol Motor Co. case he also retained for some time or at that time did have his connection with the Western Union?—A. I understand, at the time he became receiver of the Fageol Motor Co. he resigned his position with the Western Union Co.

Q. Do you know whether he resigned or whether he was fired?—A. I know he was not fired. I understand he resigned.

Q. Was there any trouble between him and the company?—A. I did not know of any.

Q. Do you not know he had to take his choice between that and this?—A. I do not know anything about it.

Q. How do you know he was not fired?—A. Possibly I do not, but as I stated before I do not know anything about the fact he was working for them other than he told me.

Q. But you did say you knew he was not fired?—A. Yes, sir; that is what he told me.

Q. Was he in the operating part of the Western Union or in the business part of it?—A. I cannot answer anything about it, because it is all hearsay about what he told me.

Q. What did he tell you he was doing in the Western Union Telegraph Co.?—A. I think he was traffic manager, night traffic manager, as I recall.

Q. Who were the parties that brought the suit that resulted in this ancillary receivership?—A. In which case is that?

Q. The Fageol Motors Co.—A. I do not understand the question.

Q. I mean the Sonora Phonograph Co. case.—A. The Arrow Parts Electric Co., as I recall.

Q. Who were the lawyers?—A. A lawyer named Robert I. Blum, of New York City.

Q. You say the first you heard of the Prudential Holding Co. case was when Mr. Gilbert called you and asked you to represent him as his attorney when he was to be appointed receiver?—A. That is my recollection; yes, sir.

Q. Do you know Kearsley, from Los Angeles, the attorney in that case?—A. I do now; yes, sir.

Q. Do you know James H. Stephens, who was named a vice president of the company at that time?—A. I do, sir.

Q. You knew him at that time, too, did you not?—A. No, sir.

Q. In fact, Mr. Kearsley and Mr. Stephens came to your office before the petition was filed to talk to you about it, did they not?—A. They talked to me. They met in my office.

Q. What day?—A. I think the morning they went out to court.

Q. Was it that day or the day before? Are you certain?—A. No; I am not certain. I do not know.

Q. Did Blum send you down the petition in the Sonora Phonograph case?—A. What do you mean by sending down?

Q. A draft of the petition that was to be filed for ancillary receivership.—A. No; not that I recall. We prepared our own petition.

Q. Did you see Kearsley and Stephens either the morning that the petition was filed at your office, or the day before?—A. I do not remember having met them.

Q. But you do recall that they were there?—A. I remember that they came into my office, but I do not remember personally having met them.

Q. What purpose did they come in there for?—A. Mr. Kearsley phoned and said he had an appointment with Mr. Stephens and asked if he could use our office. We had done court business with their firm in Los Angeles.

Q. And they left your office and went to apply for the receivership?—A. I assume so.

Q. After the receivership was granted, you went with Gilbert to the office of the concern in Oakland?—A. That afternoon. It was Saturday afternoon.

Q. How soon after the petition was filed did you qualify as attorney for the receiver?—A. I do not know when the petition was filed, but we qualified about—it was after 12 o'clock of that day, of Saturday.

Q. And you got to Oakland before 1, did you not?—A. I do not know. It takes 40 minutes to go from San Francisco to Oakland. I know that Judge Louderback had gone for the day. We qualified before the United States commissioner, and we proceeded immediately to Oakland. Just the exact time, I cannot say.

Q. You saw Mr. Hawkins out there that day; did you?—A. No, sir.

Q. You did see him on Monday following?—A. Yes, sir.

Q. You saw Miss Lind out there that day?—A. I assumed that is who she was. I did not know her at that time.

Q. You saw the lady who was the secretary of the concern?—A. I found out later she was the secretary. I did not know it at that time.

Q. She had in a long-distance telephone call, and requested to remain until she could complete that, to Mr. Hawkins, the attorney in Los Angeles, did she not?—A. I do not remember that.

Q. You do not remember her requesting that she remain for that?—A. No, sir.

Q. You do recall that?—A. I do not. It is not a question of recalling. I do not remember; yes or no. I will not deny that she may have done it.

Q. But you do recall that she was asked to vacate, and a padlock was put on the door?—A. Well, it was not as severe as that, sir. What happened was, it was a Saturday afternoon; there was no business, and Mr. Gilbert asked me what he should do to take control of the business and protect himself, having been appointed as receiver. I suggested to him the only thing that could be done, in view of the fact that we were to meet Mr. Hawkins on the following Monday, and no business would take place between that time, would be to have the lock on the door changed, and leave the business in status quo.

Q. And you were advised at that time—you and Mr. Gilbert—that there were three other corporations that had their offices in that same room and on that same floor?—A. We were either advised at that time or the following Monday.

Q. When you saw Mr. Hawkins on Monday he made the contention to you that the receivership was absolutely void at that time, did he not?—A. Yes, sir.

Q. And he warned you that you were trespassers?—A. Not exactly that.

Q. What did he tell you about it?—A. He talked something about the violation of the fourth amendment of the United States Constitution, which I did not understand, and then he said that he thought he would move to set aside the receivership on that ground. I advised him that he was certainly within his rights; that I would do nothing to prevent it. He said he could not determine that until he spoke to a Mr. Beck, who, he advised me, was president of the company, and who, I understood, was in Idaho or Montana.

Q. But you do know the assets of this concern were turned over under more or less violent protest from the attorney and from the officials of the concern?—A. As a matter of fact, sir, there were no assets.

Q. Had it not been alleged in the petition that it was worth over a million dollars?—A. I knew nothing about the allegations. I only am telling you what I found.

Q. You were attorney for the receiver, and you did not know the allegations in the petition?—A. I knew them; but the allegations may or may not have been true. I am merely recounting to you what I found when I appeared at the Prudential Holding Co.'s place of business.

Q. You do know that after the dismissal of the receivership this concern operated for several months after that time without any legal interference?—A. I do not know anything about it, but I do not know what they could have operated on.

Q. They had a lot of real estate; did they not?—A. They had four pieces of real estate, all of which were under foreclosure or subject to an attachment lien.

Q. Do you mean that there was actual foreclosure in process at that time?—A. Subsequently I was named one of the attorneys for the receiver in bankruptcy, and the only work I did was to petition the court for restraining orders to try to protect the equities in those properties.

Q. You were named as receiver in bankruptcy of this concern?—A. One of the attorneys for the receiver.

Q. Who named you there?—A. Judge Louderback.

Q. How many days was that before the dismissal of this equity receivership?—A. I do not know. I do not have the dates in my mind, sir.

Q. As a matter of fact, it was on the 30th day of September that you were named, was it not, as attorney for the receiver in bankruptcy?—A. Well, if you say it was, that is the date. I do not know the dates.

Q. And you qualified on October 2?—A. Whatever the records will show. I do not recall the dates.

Q. Who was appointed receiver in bankruptcy in that case?—A. Mr. Gilbert.

Q. By whom was he appointed?—A. By Judge Louderback.

Q. Did you draw the petitions in those appointments also?—A. No, sir; I do not recall that we did. As a matter of fact, our firm was not named as attorneys for Mr. Gilbert in that proceeding. The firm of Torregano & Stark were named as his attorneys, and A. B. Kreft, and they requested that a member of our firm be joined with them because of our knowledge of the conditions; and my brother, Martin J. Dinkelspiel, I believe alone, appears as attorney. The firm does not appear; and the only active part we took was, as I stated, in trying to prevent the foreclosures of these valuable equities in real estate.

Q. I thought you said a while ago that they did not have any assets to protect.—A. They did not, but we made the best effort we could to find some assets.

Q. You now say they were "valuable equities", do you not?—A. Well, I change the word "valuable", because they had no value.

Q. Why do you change it?—A. Possibly I meant the word facetiously; but there was no value to those properties.

Q. Mr. Dinkelspiel, how much of your testimony here before the Senate has been facetious?—A. None of it, sir.

Q. How do you explain that answer, then, that you made it facetiously?—A. I am sorry, sir; but I did not mean it in the sense of having any value.

Q. Was the Kreft that you mentioned the one who testified here yesterday before the Senate?—A. Yes, sir.

Mr. Manager BROWNING. I think that is all, Mr. President.

Mr. LINFORTH. Just a question or two more, Mr. President.

Redirect examination by Mr. LINFORTH:

Q. Mr. Dinkelspiel, in the work of the attorneys for the receiver in the four matters that you refer to, did you also have the assistance and the cooperation of your brother Martin?—A. Yes, sir.

Q. He also acted with you in each of those matters?—A. Yes, sir.

Q. With reference to the assets of this Prudential Holding Co., to your knowledge did the receiver get possession of anything tangible?—A. I think an amount less than \$200 or \$300 in the savings bank, and he collected some rents from the premises during the period of foreclosure, all of which rents were practically paid back for operating expenses, so that he turned back to the company some thousand dollars, I think it was.

Q. The bank that you refer to was where? In what State did you find a bank account of this concern?—A. In Reno, Nev.

Q. Was that the only bank account you could find that this \$2,000,000 concern had?—A. To the best of my recollection.

Q. Mr. Hawkins was the regular attorney for this concern, was he?—A. I understand so.

Q. Did you have a talk with him as to whether or not the company had any assets, or whether it was bankrupt?—A. I talked with Mr. Hawkins on the Monday that I went to Oakland after the Saturday the receiver was appointed.

Q. What did he tell you at that time with reference to the financial condition of the company, if anything?—A. His conversation to me at that time was, "Well, what are you doing with an equity receivership in here?—What are you going to do with the assets?" I said, "Why?" He said, "There are no assets." He said, "The value of the entire firm here is worth about \$250."

Mr. LINFORTH. I have no further questions.

Mr. Manager BROWNING. That is all, Mr. Witness.

The PRESIDING OFFICER. Call your next witness.

(The witness started to leave the stand.)

Mr. LINFORTH. May I recall Mr. Dinkelspiel on one matter?

The PRESIDING OFFICER. You desire to recall him for another question on redirect examination?

Mr. LINFORTH. Yes, Mr. President.

The PRESIDING OFFICER. Proceed.

By Mr. LINFORTH:

Q. There is one matter I overlooked, Mr. Dinkelspiel. Where is your brother Martin at the present time?—A. He is in San Francisco at the present time.

Q. Is he ill or otherwise?—A. He was operated on about 4 weeks ago, and was confined to the hospital for 2 weeks, and was just back to his office for the first time a few days prior to the time I left San Francisco to come to Washington.

Q. Is his condition such as to enable him to come here?—A. He was so advised by his doctor.

Q. That it was, or was not?—A. That it was—that his condition was such that he would not stand the trip.

Mr. LINFORTH. That is all.

Mr. Manager BROWNING. One more question, Mr. President.

By Mr. Manager BROWNING:

Q. Do you know anything about the "M" account to which your brother testified to Mr. LaGuardia in San Francisco last September, that was in the name of your father,

or something of that kind?—A. I know he had an "M" account; yes, sir.

Q. What was that account?—A. An "M" account is a special account that some of the San Francisco banks have, that allows you to withdraw at any time and pays you interest during the period of deposit.

Q. That was not in the name of your firm, was it?—A. No; it was my father's own personal account.

Q. Is that account still in existence?—A. No; it is not in existence any more—I do not believe so. I could not answer you definitely.

Q. Do you know how long it ran?—A. No; I do not, sir.

Q. It was a savings account?—A. Yes.

Q. And you and your brother had no connection with it?—A. No; as far as—I had none. I do not know about my brother. I do not think so.

Q. You know it was revealed at that time that considerable amounts of money were taken out and put back into this account?—A. I do not recall at the time. I have not looked at it since I went over the account with Mr. LaGuardia. I went over all my records with him very carefully on two or three occasions, as you recall.

Q. Were you present when your brother testified?—A. At San Francisco?

Q. Yes. I do not mean now, in the open hearing. I mean before Mr. LaGuardia in special room 2093.—A. I do not recall being present. I went over there with him, but I do not think I was there. I am not sure, Mr. BROWNING.

Q. Let me read you a portion of that testimony:

Getting right down to the point—

Mr. LINFORTH. Just a moment, Mr. President. We object to the reading of any portion of what is called "that testimony", being some private investigation being made by Mr. LaGuardia before there was any hearing on behalf of the committee. If anything was said at that time which may be the basis of a question for impeachment, it should be put in the proper way; and that statement, or testimony, as it is called, should not be read.

The PRESIDING OFFICER. If it is for the purpose of impeachment, the foundation has not yet been laid. Otherwise the Chair does not see the materiality of it.

Mr. Manager BROWNING. As a matter of explanation, I will say that Mr. LaGuardia, as a member of the committee, did have authority to swear witnesses and take proof on this direct question of the investigation of Judge Louderback. It is under that authority that he was acting. The witness was sworn and testified on that occasion. I am not inclined to press the matter, however, unless the Senate would care to hear it.

The PRESIDING OFFICER. Mr. Manager, does it pertain to the testimony given by this witness at a former hearing or some other witness?

Mr. Manager BROWNING. His brother.

The PRESIDING OFFICER. The Chair thinks the objection is well taken.

Mr. Manager BROWNING. Very well. That is all.

EXAMINATION OF G. H. GILBERT

Mr. LINFORTH. Please call Mr. G. H. Gilbert.

G. H. Gilbert, having been duly sworn, was examined and testified as follows:

Mr. LINFORTH. May I announce, Mr. President, that this witness, ever since he has been in Washington, has been suffering from neuritis in both knees; and it would be very difficult for him to stand.

Mr. KING. Mr. President, in view of the rule which we adopted requiring every witness to stand, and in view of the statement just made by the attorney for the respondent, I ask unanimous consent of the Members of the court that the rule be waived, and that the witness be permitted to be seated during the giving of testimony.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered.

Mr. KING. Mr. President, while I am on my feet I suggest that the microphone be adjusted so that he can speak directly into the microphone.

The PRESIDING OFFICER. You may proceed with the examination.

Direct examination by Mr. LINFORTH:

Q. Mr. Gilbert, will you state your name and your residence?—A. Guy H. Gilbert, 1600 California Street, San Francisco.

Q. Have you any objection to stating your age?—A. None at all; 50 years old.

Q. Are you a married man?—A. Yes, sir.

Q. Up to February 17, 1932, what was your business?—A. Night traffic manager for the Western Union Telegraph Co. at San Francisco.

Q. How long had you been an employee of the Western Union Telegraph Co.?—A. About 35 years.

Q. Covering your entire business life up to that time. Is that right?—A. Yes, sir.

Q. And you started with the Western Union Telegraph Co. in what position, and at what place?—A. As a clerk in Jacksonville, Ill.

Q. During the years that you were night manager of the traffic department of the Western Union Telegraph Co. where were you located?—A. At San Francisco.

Q. As traffic manager, did you have under your immediate supervision and control any other employees of the company?—A. I did.

Q. How many?—A. They ranged from 150 up.

Q. Up to how many?—A. Well, on special occasions, like Christmas Eve, or a heavy file of business, it would probably run 250 to 300.

Q. Would you state as briefly as possible the duties of night traffic manager of the Western Union Telegraph Co.?—A. My duties were organization, efficiency, economies, detailing the handling of traffic, taking care of emergencies that might arise, and directing about seven different departments.

Q. Did your duties require executive work?—A. They did; yes, sir.

Mr. Manager SUMNERS. Mr. President, I suggest that this witness be asked to state what his duties were.

Mr. LINFORTH. The witness has answered, Mr. President.

Mr. Manager SUMNERS. I am directing now a general objection to this character of testimony. This is a key witness, and we suggest that the witness is being led beyond the requirements to elicit the testimony.

The PRESIDING OFFICER. In other words, you object to the form of the question?

Mr. Manager SUMNERS. That is right, yes; and to the form of the examination generally.

Mr. LINFORTH. The question may be withdrawn.

The PRESIDING OFFICER. I think the objection is well taken as to a number of questions which the court has permitted right along.

Mr. LINFORTH. I will keep within the rule, Mr. President.

By Mr. LINFORTH:

Q. While acting as night traffic manager for the Western Union Telegraph Co., what were your hours of duty?—A. Four p.m. to midnight.

Q. Are you acquainted with the respondent Judge Louderback?—A. I am.

Q. How long have you known Judge Louderback?—A. Fifteen or sixteen or seventeen years.

Q. Do you recall how you became acquainted with him?—A. Yes, sir.

Q. Would you state, briefly, how it was, without going into details?—A. I first met Judge Louderback when he was running for police judge in San Francisco. I became active in his campaign at that time, and I have met him frequently ever since.

Q. From then on have you been good friends with Judge Louderback?—A. Yes, sir.

Q. Are you acquainted with Mr. W. S. Leake?—A. I am.

Q. How long have you been acquainted with Mr. Leake?—A. I would say from 15 to 20 years.

Q. Has he been a close friend of yours during that time?—
A. Yes, sir.

Q. Has your wife been a patient of his?—A. Yes, sir.

Q. Is she a believer in the Christian Science faith or doctrine?—A. She is.

Q. Was that the reason—

Mr. Manager SUMNERS. Mr. President, I do not know the purpose of this examination and how far it is intended to go, but we suggest that until counsel has established the fact that Mr. Leake is a Christian Science healer, or however he desires to be designated, information as to the witness' wife's peculiar religious belief is not pertinent to this inquiry.

The PRESIDING OFFICER. I think the objection is well taken.

Mr. LINFORTH. Mr. President, merely for the benefit of the court, I desired at the outset to show the relations of the witness with Mr. Leake.

The PRESIDING OFFICER. I think one or two questions are enough along that line.

By Mr. LINFORTH:

Q. Have you, during your acquaintanceship with Mr. Leake, been a patient of his?—A. Yes, sir; to a limited extent.

Q. Mr. Gilbert, in the 5 years that Judge Louderback has been judge of the District Court of the Northern District, in how many cases have you been appointed receiver by him?—A. Four cases.

Q. In the 8 years that he was judge of the superior court of California were you appointed receiver by him in any case?—A. No, sir.

Mr. NORRIS. Mr. President, I could not hear the answer of the witness when he was asked as to how many times he had been appointed receiver.

Mr. KING. He stated in no cases while the respondent was judge of the State court.

Mr. LINFORTH. Shall I proceed?

The PRESIDING OFFICER. Yes; proceed.

By Mr. LINFORTH:

Q. Did you ever meet the firm of Dinkelspiel & Dinkelspiel, or either one of them, prior to your appointment as receiver in the Sonora Phonograph case?—A. No, sir; I did not.

Q. Do you know John Douglas Short?—A. Yes, sir.

Q. How long have you known him?—A. Since about 1928 or 1929. I do not recall the exact time.

Q. In the time that you have been acquainted with him in how many matters has he acted—and when I say "he" I mean he or the firm with which he is associated, Keyes & Erskine—in how many matters has he acted for you as attorney for the receiver?—A. One time only.

Q. To what matter do you refer?—A. The Stempel-Cooley bankruptcy case.

Q. Was that the only matter of employment by you, as receiver, of him?—A. Yes, sir.

Q. Did you ever employ him in any other matter?—A. No, sir; I did not.

Q. The fee allowed you as receiver in the case to which you have referred was how much?—A. \$500.

Q. Who allowed that, what judge?—A. Referee Sheridan, of San Francisco.

Q. Were you appointed receiver in the Sonora Phonograph case, so called?—A. Yes, sir.

Q. In that matter did Dinkelspiel & Dinkelspiel represent you as attorneys?—A. Yes, sir.

Q. How long did that receivership last?—A. Approximately 7 months.

Q. What time did you devote to your duties of receivership in that matter, about? I do not intend that you shall be exact, but I want you to make it as brief as possible.—A. From about 8:30 in the morning to 3:30 in the afternoon every day.

Q. In round numbers, how much did you collect as receiver in that matter?—A. The total assets, you mean?

Q. I mean the amount of money you collected as receiver in the Sonora Phonograph matter.—A. Approximately \$300,000.

Q. Did you operate that concern as a going business down to the time when you closed it out as receiver?—A. Yes, sir; I did.

Q. What compensation was allowed you in that matter?—A. Sixty-eight hundred and some odd dollars.

Q. Was that amount determined by the statute?—A. Yes, sir; a statutory fee.

Q. What person fixed the fee, if you recall?—A. Well, it was heard before Judge Louderback. A petition for the statutory fees was heard before Judge Louderback.

Q. And the order was made by Judge Louderback?—A. Judge Louderback; yes, sir.

Q. In the Fageol Motor matter, were you the receiver appointed in that case?—A. Yes, sir.

Q. Upon being appointed, did you suspend your service with the Western Union Telegraph Co.?

Mr. Manager SUMNERS. Mr. President, we want the witness to tell what happened. We think this witness is being led beyond reason.

The PRESIDING OFFICER. I could not hear the question. I should like to have the last question read.

The Official Reporter read as follows:

Q. Upon being appointed, did you suspend your service with the Western Union Telegraph Co.?

The PRESIDING OFFICER. I think he may be permitted to answer this question, but I will ask counsel to desist asking leading questions following this question.

Mr. LINFORTH. May the question be again read?

The Official Reporter read as follows:

Q. Upon being appointed, did you suspend your service with the Western Union Telegraph Co.?

Mr. Manager SUMNERS. He did not make the point clear. The point is whether this witness suspended his connection, or whether this witness was suspended.

Mr. LINFORTH. I withdraw the question and put it in another form, and try to meet the objection, Mr. Manager.

By Mr. LINFORTH:

Q. Upon your appointment as receiver in the Fageol Motor Co. matter, what, if anything, did you do with reference to your position with the Western Union Telegraph Co.?—A. I requested a furlough, and it was granted.

Q. For how long?—A. For 6 months.

Q. What time—and make this as brief as possible—did you devote to the work of receivership in the Fageol Motor Co. matter?—A. My entire time ranged from 8 to 15 hours a day.

Q. And what did you do in the way of executive work, if anything?—A. I was the directing head of the entire company. I took care of the matters of insurance, matters of policy, conferred with the creditors on all major matters, took care of the bonding of employees, particularly followed up on the matter of cash receipts and disbursements. I signed all the disbursement checks for all branches on the Pacific coast; allowed no one to write any checks except myself from the 10 branches along the coast, and I did everything that was required of the head of a company to do.

Q. Did you do anything in the way of discharging any of the employees or officers?—A. I did; yes, sir.

Q. Who, upon investigation, did you discharge?—A. I released the president and took over his duties, one of the auditors, the superintendent of the shop, consolidating his job with the engineer's position. I eliminated quite a number of clerks and various employees in various shops in the plant, and I cut down the stenographic department. In fact I made curtailments according to the amount of the business we were handling.

Q. And what was the salary of the president and his son whom you removed?

Mr. Manager SUMNERS. We object to that. When this witness came into responsibility, the right of any employee of this concern to remain in a position of responsibility ter-

minated, and what happened prior to his cutting expenses we do not believe has any pertinency whatever with reference to the administration.

The PRESIDING OFFICER. The Chair understands the interrogatory to encompass that. May the Chair have the interrogatory read?

The Official Reporter read as follows:

Q. And what was the salary of the president and his son whom you removed?

Mr. LINFORTH. Mr. President, the purpose is to show executive management by the witness, who is alleged in the articles to be an incompetent employee, and to show a substantial saving to the Fageol Motors Co. by the action of the witness.

The PRESIDING OFFICER. The Chair wishes to make this remark before ruling. It does seem to the Chair that this inquisition is going far afield in many respects, and the Chair thinks probably the time of the Senate is being taken up a great deal with some details that are not necessary. However, some of it has been brought out by the presentation of the case on the other side. The Chair has that in mind, and, having that in mind, he is going to permit one or two questions along this line, but is going to sustain objection to them very shortly.

Mr. LINFORTH. May I be permitted to add, Mr. President, that in the examination of the witnesses this morning I have endeavored to be very brief; I have also endeavored to be very brief with this and all other witnesses.

The PRESIDING OFFICER. The Chair will suggest to counsel how the course being pursued might lead on indefinitely, and, of course, the Chair is not going to permit that.

Mr. LINFORTH. I will make the examination as brief as possible. I ask that the question may be again read.

The Official Reporter read as follows:

Q. And what was the salary of the president and his son whom you removed?

Mr. Manager SUMNERS. Not to stress the point unduly, we submit that the president of the company was removed by operation of law; he was not removed by this receiver.

The PRESIDING OFFICER. The Chair holds that the objection is well taken and sustains it.

Mr. LINFORTH. May I then put this question? Did you then, as receiver, reemploy the president or his son or somebody else?—A. I did not reemploy the president or his son, but I did employ other persons, including Mr. Lundstrom.

Q. And that resulted, did it or did it not, in a saving; and if so, how much, to the company?—A. It resulted—

Mr. Manager SUMNERS. Now, Mr. President, there is no objection whatever to this witness stating the salaries paid by him and, to be broad about it, we do not object to testimony as to the salaries paid under the old regime except to have in mind the difference between the concern operating unlimitedly and the concern operating under very great limitation under a receiver.

The PRESIDING OFFICER. Is not that a matter of argument rather than of admissibility? The Chair is going to overrule the objection.

Mr. Manager SUMNERS. He is stating it as a matter of argument.

Mr. LINFORTH. May the question again be read.

The PRESIDING OFFICER. The question will again be read.

The Official Reporter read as follows:

Q. And that resulted, did it or did it not, in a saving; and if so, how much, to the company?

The WITNESS. It did result in a saving of \$800 per month.

By Mr. LINFORTH:

Q. In the matter of the compensation of yourself as receiver, what amount was applied for?—A. Six thousand dollars.

Q. And what amount was applied for by your counsel?—A. Ten thousand dollars.

Q. Were you present at the hearings had before Judge Wyman on the hearing on that application?—A. I was; yes, sir.

Q. Did all creditors at that time agree to that allowance?—A. There were one or two objections from small creditors, but the principal creditors had agreed to the amount.

Q. And upon that taking place, what amount did the court allow them?—A. It allowed me as receiver \$4,500 and my attorneys \$6,000.

Q. In any of these fees that you have received, did Judge Loudback participate to any extent whatever?

The PRESIDING OFFICER. Will the reporter read the question?

The Official Reporter read as follows:

Q. In any of these fees that you have received, did Judge Loudback participate to any extent whatever?

The PRESIDING OFFICER. Is counsel confining the question to one specific case or embracing all of them?

Mr. LINFORTH. All of them. We are trying to save time by asking one general question.

Mr. Manager SUMNERS. I think that we will obtain economy of time in that way. I do not think it would take very much time to point out how those fees were allowed.

Mr. LINFORTH. May the question be read and the witness answer it?

The PRESIDING OFFICER. The question will be read.

The Official Reporter read as follows:

Q. In any of these fees that you have received, did Judge Loudback participate to any extent whatever?

The WITNESS. No, sir.

By Mr. LINFORTH:

Q. Did anyone except yourself require any part or portion of those fees?—A. No, sir.

Q. Was there any division with anyone of any part or portion of those fees?—A. There was not.

Mr. LINFORTH. You may take the witness.

The PRESIDING OFFICER. Cross-examination of the witness will proceed.

Cross-examination by Mr. Manager SUMNERS:

Q. Mr. Gilbert, you have been a long time connected or were a long time connected with the Western Union Telegraph Co.?—A. Yes, sir.

Q. For thirty-odd years, I believe?—A. For nearly 35 years.

Q. Are you connected with that company now?—A. No, sir; I am not.

Q. What is your present employment?—A. I am not employed at present.

Q. Have you been employed since the winding up of your receivership matters?—A. No, sir; I have not.

Q. In the discharge of your duties with the telegraph company, were you engaged in the business of buying and selling for the company?—A. For the Western Union?

Q. Yes.—A. No, sir.

Q. Your business had to do with the physical operation of the plant and the transmission of communications, did it not?—A. Well, yes; it did principally. Of course, there were a great many detail matters of investigation, service complaints, and things of that sort, that I was called upon to detail.

Q. You mean that when somebody complained that a telegram had not been properly received it was your responsibility to ascertain the facts?—A. Yes, sir. If a complaint was filed against the company for any lack of service of any kind, and they wanted the details of the handling of it, or to form the basis of a lawsuit, or anything of that kind, if the telegram concerned me as to the handling of it between 4 o'clock and midnight, I was the one called upon to detail the traffic handling and to place the responsibility, and things of that sort.

Q. What other business did you have? What were your other duties in connection with this telegraph company?—A. General supervision over seven departments.

Q. I know, but that does not mean anything to us. What did you do about it?—A. Well, I had to see that the costs were kept down with the amount of business filed.

Q. The costs of what?—A. The costs of operation, the cost of handling telegrams.

Q. Did that have to do with the salaries of employees?—A. Yes.

Q. Did you have to do with the employment of the other employees who worked under you?—A. I was on the advisory board of the traffic manager's office.

Q. Will you answer my question?

Mr. LINFORTH. Just a minute. We protest, Mr. President, against interruption of the witness when he is endeavoring to answer the question.

Mr. Manager SUMNERS. Yes; but we submit he is endeavoring—I do not mean he is deliberately doing so—but he is endeavoring to answer the question not responsively. I asked him the very direct question as to whether—

The PRESIDING OFFICER. The Chair thinks the comment is well taken and will ask the witness to answer directly.

By Mr. Manager SUMNERS:

Q. Did you have to do with the—

Mr. McKELLAR. Mr. President, if I may be permitted, I should like to submit a question.

The PRESIDING OFFICER. The Senator from Tennessee propounds a question, which will be read by the clerk.

The legislative clerk read as follows:

Q. What salary did you get from the telegraph company for the past 5 years?

The WITNESS. Three thousand and sixty dollars a year.

By Mr. Manager SUMNERS:

Q. Will you answer my question?

The PRESIDING OFFICER. Let the Official Reporter read the question to the witness.

The Official Reporter read as follows:

Q. Did you have to do with the employment of the other employees who worked under you?

Mr. Manager SUMNERS. That is the question to which I want an answer.

The WITNESS. I did not employ anyone; no, sir.

Q. Did you have the responsibility of discharging employees?—A. Not exactly of discharging them, but of referring them to my superior officer in case they were not satisfactory.

Q. You made complaint to your superior officers with reference to inefficiency of service?—A. Yes, sir.

Q. Did you have any business on the side, any additional business, or other business, than that of an employee of the telegraph company?—A. Well, I did some speculating in real estate, but that is the only thing.

Q. To what extent did you have experience in the real-estate market?—A. Well, I had been personally acquainted with some real-estate people who were speculators in real estate, and I became interested in that way. I bought and sold some real estate.

Q. How much in your 30 years—how many tracts?—A. Well, it is pretty hard to answer that question. I would say not over \$10,000 worth, probably.

Q. Ten thousand dollars' worth in about 30 years. When you did that did you act upon your own responsibility as to real-estate values or take the judgment of the real-estate agencies through which you acted?—A. Both.

Q. In what other business did you engage?—A. Other than the receiverships that I have been connected with, I have no other business.

Q. I believe you stated that you were acquainted with Mr. Leake, Sam Leake?—A. Yes, sir.

Q. How long have you known him?—A. Fifteen or twenty years. I could not say just how long.

Q. I believe he designates himself as a mental healer or some such designation as that. Can you give us a more specific or correct designation of how Mr. Leake designates himself?—A. I think he refers to himself as a metaphysical student. Mr. Leake is a Christian Science practitioner.

Q. Is he recognized by the Christian Science organization as one of their practitioners?—A. I do not know.

Q. Do you not know he is not?—A. No; I do not know that he is not.

Q. Are you a patient or client, or whatever it is called, of his?—A. I have been to some extent.

Q. Members of your family?—A. Mrs. Gilbert has.

Q. Through how long a period of time?—A. Ever since I have known him, probably 15 years or so.

Q. Have you made any donations or payments to Mr. Leake for services?—A. Yes; I have occasionally.

Q. How much?—A. I have given Mr. Leake \$5 at a time, occasionally.

Q. You gave him a check for \$150 at one time, did you not?—A. I gave him a check of \$150 at one time several years ago.

Q. I believe you say that the first employment under designation of the respondent was in the Stempel-Cooly case?—A. Yes, sir.

Q. In that case you received a \$500 fee?—A. Yes, sir.

Q. Mr. Short was your attorney, Mr. John Douglas Short?—A. Yes, sir.

Q. Did you consult Mr. Leake prior to the engagement of Mr. John Douglas Short as to his selection?—A. I did in this way, that I told Mr. Leake I had been appointed receiver and asked him if he could recommend anyone for an attorney for me. He stated that he had no particular choice in the matter, but he thought John Douglas Short would make a good attorney for me. I telephoned him there and went to his office and engaged him.

Q. Did you tell Mr. Short over the telephone that you contemplated engaging him and then went over to fix up the details with him?—A. I do not recall that. I asked if I could see him, if I remember correctly, and I went over to his office a very few minutes after that.

Q. Were you not pretty well acquainted with lawyers in San Francisco, or at least a number of them?—A. No; I would not say that I was. I have had no dealings with lawyers prior to that time.

Q. You did not have an independent attitude as to whom you should select?—A. Not in particular; no.

Q. Prior to this time you had served under appointment of Judge Louderback when he was a judge of the State court. You were acquainted with him?—A. Yes, sir.

Q. Do you remember the style of that case?—A. Do I remember what?

Q. Do you remember the style of that case?—A. It was a probate matter.

Q. Was it in the Brickell case?—A. Yes, sir.

Q. You served as an expert to appraise property, did you not?—A. I served as an appraiser.

Q. Do you know how much was involved in that estate?—A. I do not recall the amount.

Q. What did it consist of chiefly, just briefly?—A. The Brickell estate consisted principally of stocks in the Brickell Co., and the Brickell Co. holdings were principally real estate.

Q. You examined the stock and the real estate, did you?—A. No; I did not.

Q. You never saw a bit of the property, did you?—A. No; I did not.

Q. When the committee was in San Francisco you did not even remember the name of the estate or what it consisted of, did you?—A. No; I did not. I could not recall.

Q. You got a fee of \$500?—A. Yes, sir.

Q. What did you do to earn that fee?—A. I was called to the office of the State inheritance-tax man, and I signed an appraiser's oath. He stated to me that he would call me after he had had time to look into the matter and see what further work we could do in it.

Q. Mr. Gilbert, are not these the facts, and did you not so testify in San Francisco—that you did not know what the estate was, you did not know what it consisted of, but the only thing you had to do was to sign your name?

Mr. LINFORTH. Just a moment. I submit, Mr. President, the witness was answering the question as to what

he did when counsel interrupted him. I think he should be permitted, in all fairness, to finish the answer. If it does not agree with what he said in San Francisco, counsel should confront him with the record.

The PRESIDING OFFICER. Had you concluded your answer?

The WITNESS. No, sir.

Mr. Manager SUMNERS. Let him say anything else he wants to.

The PRESIDING OFFICER. Let the question and answer be read.

The Official Reporter read as follows:

Q. What did you do to earn that fee?—A. I was called to the office of the State inheritance-tax man, and I signed an appraiser's oath. He stated to me that he would call me after he had had time to look into the matter and see what further work we could do in it.

The PRESIDING OFFICER. Is that the conclusion of your answer?

The WITNESS. No, sir; it is not.

The PRESIDING OFFICER. Proceed.

The WITNESS. I did not hear anything further from the State inheritance-tax collector until 4 or 5 months later. He called me to his office and said, "I have the inventories all prepared. I have gone into every detail of it." He said, "There is no occasion for duplication of work." So I signed the papers with him on his assurance to me that he had gone into all details in the matter.

By Mr. Manager SUMNERS:

Q. I will ask you if this did not occur in San Francisco on the occasion of the presence of the special committee designated by the House of Representatives to investigate this matter. Were you not asked these questions, after having testified with reference to your selection in the Sonora case:

A. Well, I was appointed as an appraiser in an estate prior to that time.

Q. By whom?—A. By Judge Louderback.

Q. What was the nature of the appraisal?—A. There were three appraisers appointed in an estate, and I was one of them.

Q. What was the property that you had to appraise?—A. Well, I did very little work in that case. There was—I forget the man's name now that did look up the property—I did very little work in that case.

Q. What kind of property was it?—A. Well, I cannot recall.

Q. Was it land, real estate, or personal?—A. It was real estate; it was real estate. It was some estate, and I think it considered principally of real estate. The work was more accurately done by this gentleman, I cannot recall his name. I did practically nothing in that case.

Q. Do you remember the name of the case?—A. No; I cannot recall it.

Q. Do you remember about the time that you were designated as an appraiser by Judge Louderback?

Then you went on to state the period when it was. You stated you did not know where the property was located and that you did not go on the property. Is not that true?

Mr. LINFORTH. We object to that question as not in any sense contradictory of anything the witness is now stating.

The PRESIDING OFFICER. The Chair thinks the objection is well taken.

Mr. McKELLAR. Mr. President, I think we should take an appeal from the ruling of the Chair on that question. If the witness has given contradictory testimony it ought to be brought out here, and therefore I ask for a vote by the Senate sitting as a court.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate sitting as a court?

Mr. LINFORTH. Mr. President, may I add—

The PRESIDING OFFICER. This is not a question to be discussed.

Mr. AUSTIN. Mr. President, I suggest the absence of a quorum.

Mr. LINFORTH. Mr. President, to save time we withdraw the objection.

The PRESIDING OFFICER. The objection is withdrawn. Counsel may proceed.

By Mr. Manager SUMNERS:

Q. Do you recall the question?—A. Yes; I do.

Q. Was that the testimony you gave?—A. That was my testimony at San Francisco.

Mr. McKELLAR. Mr. President, the objection was withdrawn, but at the same time the Senator from Vermont [Mr. Austin] did not withdraw his point of no quorum. I ask unanimous consent that the request for the call of a quorum be withdrawn.

Mr. AUSTIN. Mr. President, without any coercion whatever, I withdraw the request.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. Manager SUMNERS:

Q. Mr. Gilbert, is it not a fact that the only thing you did in this matter was to sign your name to a report which had been prepared, is not that a literal fact?—A. The oath and the inventory were prepared and I signed them.

Q. That is all you did, too, is it not?—A. That is all I did.

Q. Who served with you on that board?—A. Mr. Mogan is the only man that I had any dealings with on it. He was the State tax man.

Q. Do you know who the third man was on that board?—A. I have since heard.

The PRESIDING OFFICER. Do you know?

The WITNESS. Yes; I know.

By Mr. Manager SUMNERS:

Q. Who was it?—A. Mr. Leake.

Q. Mr. Sam Leake?—A. Yes, sir.

Q. How much did you get for your services in that connection?—A. \$500.

Q. Do you know that the allowance under the laws of the State of California is \$5 a day for these services?—A. I have since heard so; yes, sir.

Q. You got paid for 100 days' work by Judge Louderback for signing your name on one day?

Mr. LINFORTH. We object to that question as being argumentative. The facts are already in evidence.

The PRESIDING OFFICER. It is argumentative. Objection is well taken.

Q. I believe you have already testified to your designation in the Stempel-Cooley case?—A. Yes, sir.

Q. Mr. Short was your attorney there?—A. Yes, sir.

Q. Were the services of Mr. Short satisfactory?—A. Yes, sir.

Q. Which was the next appointment by Judge Louderback?—A. By Judge Louderback? It was the Sonora Phonograph case.

Q. That was a going concern? They were engaged in the purchase, sale, and distribution of phonographs and receivers?—A. Yes, sir.

Q. What experience prior to this time had you had in that kind of business?—A. None.

Q. How did you come to be designated, if you know, as receiver in that case?—A. I do not know.

Q. How did it come about?—A. I was appointed, and notified by the judge's secretary. I reported to his office, his chambers, the following morning, qualified, petitioned for counsel, and took active charge of the affairs of the company.

Q. Who prepared the petition for counsel in that case?—A. Mr. Dinkelspiel.

Q. Did you request that Mr. Dinkelspiel be designated as your attorney or did he request it?—A. I met Mr. Dinkelspiel—

Q. Wait a minute. I should like to have that question answered, if you can answer it.

Mr. LINFORTH. Just a moment. I do not believe that the honorable manager should shout and try to intimidate the witness in that way.

The PRESIDING OFFICER. The Chair does not see anything intimidating about it, but he thinks the question at this stage of the proceeding is rather disjointed or double-jointed. The Chair thinks the question should be read to the witness.

Mr. Manager SUMNERS. I should like the witness thoroughly to understand the question. May I ask the question in such a way that if there is any confusion I can remove the confusion?

The PRESIDING OFFICER. There is a question pending. Does the manager on the part of the House desire the court to rule on it, or does he desire to withdraw it?

Mr. Manager SUMNERS. I withdraw that question and will propound another question. I thought the objection was to my talking too loud. I withdraw the height of my speaking.

By Mr. Manager SUMNERS:

Q. I want to know, as a matter of fact, whether the notion that you should employ Mr. Dinkelspiel originated with you or, as far as you know, originated with him?—A. It originated with Mr. Dinkelspiel, inasmuch as he was already in the case.

Q. How was he in the case?—A. He had been retained and filed a petition for the Irving Trust Co., of New York, the main receiver. Mr. Dinkelspiel stated that he had charge of the case when I first met him at the judge's chambers.

Q. He stated to you that the Irving Trust Co. had asked him to file this petition for ancillary receivership?—A. Yes, sir.

Q. And because of that fact and that statement you consented to his employment?—A. I did, after conferring with Judge Louderback on the matter.

Q. After conferring with Judge Louderback? First you had the conversation which you have detailed with regard to Mr. Dinkelspiel and then you had a conference with Judge Louderback?—A. I did; yes, sir.

Q. And after the conference with Judge Louderback you consented to the application to have Dinkelspiel & Dinkelspiel designated as your attorneys in that case?—A. Yes, sir.

Q. Your preference had been for Douglas Short, had it not? He had represented you?—A. Well, I had in mind Mr. Short, but I had made no move in regard to having him appointed or filing a petition for it.

Q. Had you discussed your own selection with Mr. Leake?—A. No, sir.

Q. You did not go to him to make inquiry as to whom you should appoint?—A. No, sir; I did not.

Q. In the meantime, had you got acquainted with Dinkelspiel & Dinkelspiel?—A. No, sir. The first time I ever met Mr. Dinkelspiel was in the judge's chambers on the morning that I qualified in the Sonora case.

Q. Did you know him by reputation or personally?—A. Well, I had heard of the firm, but I had never seen either one of the gentlemen. I did not know them.

Q. Which one of the gentlemen was it that had the conversation with you in the judge's office?—A. Mr. John W. Dinkelspiel.

Q. I think you testified as to the transactions that took place in the administration of the estate of the Sonora Phonograph Co.—A. I did, as near as I could recall at the time.

Q. What was your next case?—A. The next case for Judge Louderback was the Prudential Holding Co. case.

Q. What was your fee in that case?—A. I did not receive any fee in the Prudential Holding Co. case at all.

Q. I believe that is the case where they were engaged in real-estate transactions. They had some apartment houses that they were operating?—A. Yes; they had four apartment houses.

Q. That is the case in which you said you did not come out very well, is it not? That is the case?—A. Yes; that is the case I did not come out very well on.

Q. You did not get any fee there. You were appointed receiver in equity in that case, and then an application to put the concern in bankruptcy was filed. Is that true?—A. Yes, sir.

Q. And that application to put the concern in bankruptcy fell in Judge St. Sure's court?—A. Yes, sir.

Q. And during his absence the respondent sat in that division?—A. Well, I was not present at the hearing. I have heard so, but I do not know positively that that was the fact. I was not present.

Q. Then the petition in bankruptcy was granted and you were appointed receiver in that situation, were you not?—A. Yes, sir.

Q. But you did not get anything in either one?—A. I did not get anything; no, sir.

Q. The receivership in equity was dismissed. Who dismissed the bankruptcy matter?—A. I think Judge Louderback dismissed the bankruptcy matter. I think he did.

Q. Judge St. Sure did dismiss it.—A. Probably it was Judge St. Sure. I may have been mistaken.

Q. Which was the next case in which you were engaged?—A. The Fageol Motors Co.

Q. You have already testified in the main with reference to the Fageol Motors Co. case?—A. Yes. I testified in San Francisco on that.

Q. The Fageol Motors Co. was engaged rather extensively on the Pacific coast, was it not?—A. Yes, sir.

Q. It was engaged in the business of assembling automobiles, buying parts and assembling them, and also engaged in the business of manufacturing, to some degree at least, bodies for automobiles, was it not?—A. They assembled trucks, automotive trucks. They did not handle automobiles.

Q. Trucks?—A. And coaches—trucks and coaches.

Q. Do you mean by "coaches" those big automobile things that run up and down the road and carry passengers?—A. Yes, sir; look like street cars.

Q. What experience had you had in the automobile business prior to that time?—A. I had not had any experience in that particular line.

Q. I believe you have pretty well covered the character of service rendered. How were you able, without any experience in connection with the automobile business, to go in there and take charge and give intelligent direction to the affairs of that rather big concern?—A. Well, I knew organization for a big company through my experience with the Western Union. They had a rather large administrative force; and I conferred with the heads of each department, consolidated some, made a great many curtailments in every office on the Pacific coast, including the factory, closed out several offices when I found out they were not paying—

Q. If it would not interrupt you, how did you find that out?

Mr. LINFORTH. Just a moment, Mr. President. The witness was asked a question as to how he knew certain things and how he could do certain things. I submit he should be permitted to complete his answer.

Mr. Manager SUMNERS. All right. That is perfectly all right. Go ahead.

The PRESIDING OFFICER. Proceed with the answer.

The WITNESS. Well, I organized the Fageol Motors Co. or operated the business under my experience in the telegraph company as to organization and efficiency. As far as the shop, the mechanics, and men of that sort were concerned, each department was under an expert, with whom I conferred every day; but my principal duty was to get the thing down on a paying basis and rehabilitate the company if it was possible to do that.

I found a great many wastes there which I eliminated. For instance, the telephone bill was running around \$700 a month when I went in there. I ordered about 17 telephones taken out that were absolutely unnecessary, and cut the bill down to about \$285 a month. I stopped all long-distance telephone calls from the various departments unless they had an O.K. from my office. I sent letters out to every person owing the company, hired a collector, and followed up on all collections.

I collected a great deal of money that was outstanding. One thing I found on the books was some items, aggregating \$6,000, that had been written off the books entirely. I had them put back on the books, and sent a man out to collect them, and he was successful in collecting \$2,000 of that amount; and we had good prospects, or believed we did, of collecting the balance.

I also found that the company had overpaid their income tax something like \$12,000. I made arrangements to have that refunded. Those negotiations were under way at the time my receivership was terminated.

There was any amount of detail in that way that I did. I do not suppose you want me to recite that, for reasons of time.

By Mr. Manager SUMNERS:

Q. What I am trying to find out is, how your experience in the organization of a group of telegraph operators helped you in determining the operation of a great, big business concern, distributed over the western coast, assembling and manufacturing automobiles.—A. In my experience with the telegraph company, my executive experience with them, my training, I learned the matter of costs and operations, and the same principles apply in a telegraph company that apply anywhere else in that regard.

Q. In other words—I do not mean to argue it with you—but your notion is that any person who could be an efficient man as a supervisor of telegraph operators could take charge of a big business and run it right off the reel?

Mr. LINFORTH. One minute. We submit that that is objectionable as calling for his notion.

Mr. Manager SUMNERS. I withdraw it.

The PRESIDING OFFICER. The question is withdrawn. By Mr. Manager SUMNERS:

Q. When were you paid for your services in this connection?—A. I think it was August of 1932. The receivership terminated on July 20. About a month later the fees were allowed.

Q. You had two savings accounts, did you not?—A. Yes, sir.

Q. And then you had a safety-deposit box?—A. Yes, sir.

Q. How did you distribute this fee?—A. The Fageol fee?

Q. Yes.—A. When I was paid I put the entire amount in my safe-deposit box, and left it there for some time. I have since deposited half of it in savings accounts and I have used considerable of it for living expenses.

Q. Was that drawn out of your safe-deposit box or out of your savings account?—A. Safe-deposit box.

Q. With regard to your separation from the Western Union Telegraph Co., I believe you stated that during all your receiverships, except the last, you continued in your employment with the Western Union Telegraph Co.—A. Yes, sir.

Q. When you were selected in the last case, did not difficulty arise between you and one of the superintendents of the telegraph company?—A. No; there was no difficulty. I requested a furlough, and I was granted the customary 6 months' furlough from the company.

Q. But did you not tell the respondent here that trouble had developed between you and one of the superintendents, and that you were up against a situation, in effect, of having to separate either from the receivership or separate from the Western Union Telegraph Co.?

Mr. LINFORTH. We object to that question as not being cross-examination and not germane to any issue here involved.

The PRESIDING OFFICER. The objection is overruled.

By Mr. Manager SUMNERS:

Q. Is not that true?—A. I had no difficulty with the superintendent—

Q. I did not ask you that.

Mr. LINFORTH. May the question be read?

The PRESIDING OFFICER. Let the question be read. The Official Reporter read as follows:

Q. But did you not tell the respondent here that trouble had developed between you and one of the superintendents, and that you were up against a situation, in effect, of having to separate either from the receivership or separate from the Western Union Telegraph Co.?

By Mr. Manager SUMNERS:

Q. Let me add this much before you answer. And did not the judge tell you to remain with the telegraph company?

The PRESIDING OFFICER. Answer "yes" or "no", and then explain if you wish to.

The WITNESS. Yes, sir. I mentioned to Judge Louderback in a conversation one day that my furlough was about to expire, and that I had made application to have an extension, but it had not been granted. The judge advised me to continue with the telegraph company. That was his advice

to me. That is practically all the conversation I had with the judge on the matter.

By Mr. Manager SUMNERS:

Q. That is the question I asked you.—A. Yes, sir.

Q. You have already stated that you got approximately \$6,800 in the Sonora Phonograph Co. case?—A. Yes, sir.

Q. For how long a period of time was that?—A. About 7 months, I think.

Q. How much did you get in the final wind-up of the business?—A. The last payment?

Q. That is right.—A. Twenty-eight hundred and some odd dollars.

Q. Will you indicate briefly what you did with that fund? In order to refresh your memory and to save you time, I will ask you if you did not deposit \$1,200 in one savings account?—A. Yes, sir.

Q. And if you did not deposit \$2,000 in another bank?—A. Yes, sir.

Q. And then you paid off a note of \$500?—A. Yes, sir.

Q. And the rest of it you deposited in your vault?—A. I paid out about a thousand dollars, including a note of \$510. At the time I stated that, I could not recall exactly all my disbursements, but I paid out around a thousand dollars, and the balance I put in a safe-deposit box.

Q. I believe you stated that a good deal of that you have used up for living expenses?—A. Yes, sir.

Mr. BLACK. Mr. President, may I propound an inquiry? I did not clearly get the answer about the safe-deposit box.

The PRESIDING OFFICER. The Senator from Alabama submits a question, which the clerk will read.

The Chief Clerk read as follows:

Q. What was the amount of your compensation you put in the safe-deposit box, and when did you do that?

Q. In what case?

Mr. BLACK. Mr. President, I will add to the question, in the first case that was testified about, where he said he took half out at a later date and deposited it in the bank.

The WITNESS. That was the Fageol case. I put in half of my Fageol fees in the safe-deposit box and deposited the other half in the bank.

Mr. BLACK. Mr. President, may the question be read again?

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

Q. What was the amount of your compensation in the first case you put in the safe-deposit box, and when did you do that?

The PRESIDING OFFICER. That is the Fageol case to which the Senator refers.

The WITNESS. The amount was \$4,500, and I put it all in the safe-deposit box at the time I received it, the latter part of August 1932.

The PRESIDING OFFICER. The clerk will read the other question propounded by the Senator from Alabama.

The Chief Clerk read as follows:

Q. When did you deposit half of the compensation in the bank?

The WITNESS. Within the last 2 months, when they got to questioning hoarders for keeping their money in safety-deposit boxes.

The PRESIDING OFFICER. The clerk will read the next question of the Senator from Alabama?

The Chief Clerk read as follows:

Q. What bank did you put the money in, and in what bank did you have a safe-deposit box?

The WITNESS. I put the money in three different accounts—in the Bank of California, in the San Francisco Bank, and the American Trust Co. My safe-deposit box is in the American Trust Co.

The PRESIDING OFFICER. The managers may proceed with the examination.

By Mr. Manager SUMNERS:

Q. May I ask on what date you put this money in the safe-deposit box?—A. The Fageol matter money I put in the day I got paid. I do not know what day that was. I can not remember that—the latter part of August, as I recall it.

Q. In order to save time, have you your deposit slips, or the things which indicate at what time deposits were made by you of these amounts which you received in the receivership matters?—A. No, sir; I haven't them with me.

Mr. Manager SUMNERS. Mr. President, we may want to recall this witness a little later, but this is all we desire to ask the witness at this time.

Mr. LINFORTH. Just a question or two in redirect.

Redirect examination by Mr. LINFORTH:

Q. Mr. Gilbert, when you paid Mr. Leake the \$150 referred to in the questions by opposing counsel, was that for services rendered to your wife?—A. It was; my wife and myself.

Q. How many years before you were ever appointed receiver in any of these matters did that take place?—A. I would say 4 or 5 or 6 years prior.

Q. With reference to your bank accounts, to which you have referred, were they submitted to Mr. LaGuardia when he was in California on the investigation had in September of last year?—A. I did not submit my books to him, but I stated the facts to him on his interrogations.

Q. Did he ask for your books at that time?—A. He did not ask for my books; no, sir.

Mr. LINFORTH. That is all we desire to ask.

Mr. Manager SUMNERS. That is all at the present time.

The PRESIDING OFFICER. You may recall the witness again?

Mr. Manager SUMNERS. Yes; we may recall him again.

Mr. BLACK. I desire to propound other questions.

The PRESIDING OFFICER. The clerk will read the questions.

The Chief Clerk read as follows:

Q. When did you get your compensation in the Sonora case, and how much was it?

The WITNESS. I received my Sonora fees in three different installments. The last one was in July or August of 1930. The total amount aggregated six thousand eight hundred and some-odd dollars.

Q. What did you do with it, and when?

The WITNESS. I deposited \$3,200 in savings accounts, paid off a note and some bills that I owed to the extent of about a thousand or eleven hundred dollars, and put the remainder in a safe-deposit box.

Mr. BLACK. I submit another question.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

Q. How much did you put in the box, and when?

The WITNESS. I put in the box all except what I deposited in the bank, and about eleven or twelve hundred dollars that I paid out on bills. The remainder I put in the box.

Mr. BLACK. May the question be read to him again?

The Chief Clerk read as follows:

Q. How much did you put in the box, and when?

The WITNESS. About \$2,400 I put in the box immediately after I received it.

Q. When did you pay out the money you mentioned?

The WITNESS. Within a very few days after receiving it.

The PRESIDING OFFICER. Are there any further questions?

Mr. McKellar. I submit a question.

The PRESIDING OFFICER. The clerk will read the question submitted by the Senator from Tennessee.

The Chief Clerk read as follows:

Q. When was the first time you ever rented a safety-deposit box?

The WITNESS. About 20 years ago.

Q. Have you a box now?

The WITNESS. Yes, sir.

Q. Have you any money in the box now?

The WITNESS. Yes, sir.

Mr. Manager SUMNERS. No further questions.

Mr. TYDINGS. I should like to ask the witness a question.

Mr. Manager SUMNERS. It is understood that when I say we have no further questions, we mean at this time.

The PRESIDING OFFICER. The Chair understands that. The clerk will read the question submitted by the Senator from Maryland.

The Chief Clerk read as follows:

Q. Why did you put part of the money in the safe-deposit box?

The WITNESS. It has always been my custom to keep some money in a safe deposit box.

Q. Why in three banks?

The WITNESS. Well, I did not want to put all my eggs in one basket.

The PRESIDING OFFICER. Are there any further questions? If not, the witness may stand aside.

(The witness retired from the stand.)

Mr. LINFORTH. Mr. President, at this time we offer in evidence a letter from Judge A. F. St. Sure which, by stipulation of the parties, may stand as his testimony in the matter.

The PRESIDING OFFICER. That stipulation has been entered?

Mr. Manager SUMNERS. Mr. President, I am advised by my associates that that stipulation has been entered.

The PRESIDING OFFICER. The letter may be filed.

Mr. LINFORTH. Mr. President, the letter is upon one of the letterheads of the United States District Court for the Northern District of California, it is dated April 25, 1933, and reads:

U.S.S. EXHIBIT F

UNITED STATES DISTRICT COURT,
NORTHERN DISTRICT OF CALIFORNIA,
CHAMBERS OF A. F. ST. SURE,
San Francisco, Calif., April 25, 1933.

HON. HAROLD LOUDERBACK,
United States District Judge,
San Francisco, Calif.

THE UNITED STATES OF AMERICA v. HAROLD LOUDERBACK, UPON ARTICLES OF IMPEACHMENT PRESENTED BY THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA

MY DEAR JUDGE LOUDERBACK: You have asked for my interpretation of the last paragraph of our court rule no. 53, which reads as follows: "Receivers shall employ counsel only after obtaining an order of the court therefor."

When this rule was adopted in 1928, we had before us report pamphlet no. 1 of the Association of the Bar of the City of New York, which contained recommendations upon the appointment of equity receivers and the employment of counsel by the receivers. One recommendation in particular read as follows: "That counsel for the receiver should be designated only after order of court and upon appropriate affidavit by the receiver."

After a full discussion the judges of this court were of the opinion that the rule would prove a useful one, and it has so proved. It gives the court discretion in the matter of the appointment of attorneys for the receiver, to the end that no attorney shall be appointed who for good and sufficient reasons is deemed disqualified—who has appeared for or acts for a party or for any creditor of the defendant (whether intervenor or not), or for any other person interested in the cause or the estate; and in case where the court appoints as ancillary receiver a person who is the primary receiver in another jurisdiction, it gives the court the power to appoint, as representing the court, a local attorney of good standing at the bar.

I have read the above to our associate, Judge Kerrigan, and he gives me permission to say that he agrees with my interpretation.

In the matter of one judge sitting in the absence of another. Our rules provide "that court shall be held at Sacramento in each month except for the months of July and August", and that "court shall be held in Eureka in July, * * *. The Sacramento and Eureka terms of court shall be held by the several judges, turn and turn alike, and in regular rotation; subject to such temporary variations as are agreed upon by a majority of the judges." When I have been sitting in Sacramento or Eureka, you have courteously presided in my department in San Francisco, called my calendar, heard and ruled upon ex parte and other motions, and when you have been absent from San Francisco, I have performed a like service for you.

In the matter of the Prudential Holding Co. of Los Angeles, a Nevada corporation, alleged bankrupt. You have called my attention to testimony given by Attorney H. H. McPike, who was a witness at the hearing before the special committee of the House of Representatives, Seventy-second Congress, pursuant to House Resolution 239, held in San Francisco from September 6 to September 12, 1932. It appears that there had been made before me a motion to dismiss a bankruptcy proceeding, which was

granted, and that thereafter a motion to set aside the order of dismissal was made. Mr. McPike testified that in denying the latter motion, I said "I found there was a bad smell about the case." I have no recollection of having made the remark quoted, but as Mr. McPike has so testified under oath, it is probable that I did. You inform me it has been suggested that the remark quoted was a personal allusion to you. I am certain I did not have you in mind when the alleged remark was made.

Yours truly,

A. F. ST. SURE,
United States District Judge.

AFS/BA.

Mr. Manager SUMNERS. May I see that paper, Judge?

Mr. LINFORTH. Certainly.

The PRESIDING OFFICER. Under stipulation the Chair understands that the letter is to be filed and become of record.

Mr. Manager SUMNERS. I will hand it up in just a moment. I have the privilege of making an examination of it.

Mr. LINFORTH. May I inquire, does the Presiding Officer desire me to file this stipulation with the letter?

The PRESIDING OFFICER. No; it is understood that it is stipulated that it may be received.

Mr. Manager SUMNERS. To make it clear, the concession is that this letter may go in as though it were a deposition or the testimony of Judge St. Sure.

Mr. LINFORTH. That is my understanding, Mr. President.

The PRESIDING OFFICER. That is the record.

RECESS

Mr. ASHURST. Mr. President, I did not understand the honorable attorney. Did he ask me a question?

Mr. LINFORTH. I had a thought in mind that we had reached a point where we might take a recess.

Mr. ASHURST. Have you no other witness?

Mr. LINFORTH. I am quite fatigued and weary. I worked very late last night, and I am under the impression—

Mr. Manager PERKINS. There is a witness waiting in the lobby to be called, and we could consume 25 or 30 minutes more.

The PRESIDING OFFICER. It is the desire of the Presiding Officer at this time that the proceeding go on and that time be saved just as much as possible.

Mr. ASHURST. I suggest that we proceed until 1:30 o'clock, at least.

Mr. LINFORTH. May I add this statement, Mr. President? I have been under a good deal of stress in this matter. My working hours have been about 20 each day from the time of my arrival in Washington. I have reached that point in age where I feel fatigued a little more early than I did many years ago. I feel, Mr. President, that when I reach that point I cannot discharge to the full extent of my ability my duty to my client. I should like, if it may be done, that at this time we take a recess until next Monday. I am quite confident, cutting matters as I have cut them out this morning, that we may be able, and I hope we shall be able, to conclude the evidence by next Monday; and I am perfectly willing for the honorable court to make such order as it may deem necessary to lengthen the hours on Monday, if necessary, to that effect.

The PRESIDING OFFICER. Senators have heard the statement of counsel. What is the suggestion of the Senate?

Mr. ASHURST. It was not anticipated that the court would take a recess until 1:30 o'clock today, but in view of the statement of the honorable attorney, I feel that I ought to make such motion as he suggests.

I am about to say something that doubtless I should not say, but I am going to say it at the risk of impropriety. The honorable attorneys are weary, but there are others who are weary from hearing questions that have no relation to the subject repeated over and over and over again. Other men grow weary as well as the honorable attorneys. I therefore move that the Senate, sitting as a Court of Impeachment, take a recess until 12 o'clock noon on Monday.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arizona.

Mr. LINFORTH. Mr. President, I want to add my thanks to our friends.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arizona.

The motion was agreed to; and (at 1 o'clock and 10 minutes p.m.) the Senate sitting as a Court of Impeachment, took a recess until Monday, May 22, 1933, at 12 o'clock meridian.

LEGISLATIVE SESSION

The Senate, pursuant to the order for the recess entered yesterday, resumed legislative session.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

REPORT OF THE FEDERAL RESERVE BOARD

The VICE PRESIDENT laid before the Senate a letter from the Governor of the Federal Reserve Board, transmitting a copy of the annual report of the Board covering operations during the year 1932, which, with the accompanying report, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Maryland, which was referred to the Committee on Post Offices and Post Roads:

Joint Resolution 4

A joint resolution memorializing Congress of the United States to enact House Joint Resolution 191, commemorating the one hundred and fiftieth anniversary of the naturalization as an American citizen in 1783 of Brig. Gen. Thaddeus Kosciuszko, a hero of the Revolutionary War, by issuing special series of postage stamps in honor of Brig. Gen. Thaddeus Kosciuszko

Whereas on October 13, 1933, will occur the one hundred and fiftieth anniversary of the naturalization as an American citizen of Brig. Gen. Thaddeus Kosciuszko, a hero of the Revolutionary War; and

Whereas the service rendered by him was of great value and assistance to the cause of American independence and of such high importance that on October 13, 1783, he was appointed brevet brigadier general of the Continental Army and was granted naturalization as an American citizen; and

Whereas it is but fitting that proper recognition should be given to the memory of Brig. Thaddeus Kosciuszko, whose illustrious service in the war for American independence is well known to all who are familiar with our history: Therefore be it

Resolved by the General Assembly of Maryland, That the United States Congress be, and it is hereby, requested to enact legislation which will provide for the effective carrying out of the provisions of the said resolution, whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps of the denomination of 3 cents, of such design and for such period as he may determine, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciuszko as brevet brigadier general of the Continental Army on October 13, 1783; and be it further Resolved, That the secretary of state be, and he is hereby, requested to send a copy of this resolution to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives, and to each Senator and Representative in the Congress of the United States from Maryland.

Approved April 21, 1933.

STATE OF MARYLAND,
EXECUTIVE DEPARTMENT.

I, David C. Winebrenner, 3d, secretary of state of the State of Maryland, do hereby certify that the foregoing is a true and correct copy of joint resolution no. 4 of the acts of the General Assembly of Maryland of 1933.

In testimony whereof, I have hereunto set my hand and affixed my official seal at Annapolis, Md., this 19th day of May 1933.

[SEAL]

DAVID C. WINEBRENNER, 3d,
Secretary of State.

The VICE PRESIDENT also laid before the Senate resolutions adopted by the Commissioners Court of Fort Bend County, Tex., endorsing the program of President Roosevelt, and favoring the inauguration of a public-works program providing highway construction in the State of Texas, which were referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the Perry Community Club, of Perry, La., endorsing Hon. Huey P. Long, a Senator from the State of Louisiana, condemning attacks made upon him and protesting against a senatorial

investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate two letters in the nature of memorials from citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a petition of sundry citizens of Bay Ridge, Brooklyn, N.Y., praying the Senate to adopt a resolution to the effect that it does not endorse the inquiry for which "the taxpayers' money was paid to Gen. Samuel T. Ansell" in connection with the senatorial campaign investigation in Louisiana, etc., which was referred to the Committee on the Judiciary.

RESOLUTION OF HOBOKEN NATIONAL MEMORIAL ASSOCIATION

Mr. KEAN presented a resolution adopted by the Hoboken (N.J.) National Memorial Association, which was referred to the Committee on the Library and ordered to be printed in the RECORD, as follows:

HOBOKEN NATIONAL MEMORIAL ASSOCIATION, HOBOKEN, N.J.

Whereas the President of the United States of America, by proclamation duly issued, called all loyal sons to the colors of this great country on April 6, 1917; and

Whereas 2,000,000 of them took up arms in our defense overseas; and

Whereas hundreds of thousands embarked from Hoboken in Hudson County in the State of New Jersey; and

Whereas after the armistice on November 11, 1918, hundreds of thousands returned to their home soil through the gateway of Hoboken; and

Whereas a boulder and flag staff were erected and dedicated to mark this spot of egress and ingress in 1925 by Hoboken assembly of the Knights of Columbus; and

Whereas the veteran, fraternal, and civic organizations of the city of Hoboken desire to perpetuate this site as a permanent memorial: Therefore be it

Resolved, That the Hoboken National Memorial Association, in regular meeting assembled this 1st day of May A.D. 1933, hereby petition the Senate of the Congress of the United States of America to do all in its power to set aside a suitable plot of ground at the entrance to the piers, now in control of the United States Shipping Board, at Hoboken, as a national memorial to commemorate the egress and ingress of the valiant sons and daughters of this Nation who left or returned through this portal during the late World War.

Done under the seal of the chairman, secretary, and committee, at Hoboken, Hudson County, N.J., this 1st day of May A.D. 1933.

JOSEPH M. CURIO, *Chairman*.
S. KALLER, *Secretary*.

Patrick Barry, Grand Army of the Republic; Fred A. Williams, Sons of Veterans; David J. Alexander, Spanish-American War Veterans; Michael Montet, Knights of Columbus; Justin B. Falk, Benevolent and Protective Order of Elks; Fred A. Williams, Fraternal Order of Eagles; Francis J. Conroy, Disabled American Veterans; Theodore C. Ivers, Commander Veterans of Foreign Wars; Thomas J. Kenney, American Legion Post, No. 107; ———, Free and Accepted Masons; Michael Mantet, Foresters of America; ———, Junior Order United American Mechanics, Committee; Frank B. Hoffman, secretary; J. S. Hamill, P.S.; Chas. E. Schmidt, K. of W.; Walter J. Hoey; Owen Mulvaney.

TREATMENT OF JEWS IN GERMANY

Mr. KEAN presented resolutions adopted at a meeting of American-Jewish citizens of Monmouth County, in the city of Asbury Park, N.J., which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas a protest has been made heretofore on the 27th day of March 1933 at the high-school auditorium in the city of Asbury Park, county of Monmouth and State of New Jersey, against the intolerant policy of the Hitler government in relation to the Jews of Germany, in which protest participated the lay and spiritual leaders of Jewish, Catholic, and Protestant religions of the Monmouth County seaboard, as well as civic, political, and industrial leaders of said county; and

Whereas this formal protest was delivered to the State Department of our Federal Government and to the German Ambassador, Wilhelm von Prittwitz; and

Whereas verified and confirmed reports from Germany have since that time brought to America, day after day, the news of a systematic and thorough exclusion of Jews from the civic and political life of Germany by the Hitler government, an exclusion

which expresses itself in the elimination of Jews from all federal, state, and local offices; the wholesale dismissal of Jewish physicians; the forced retirement of Jewish professors and instructors from the colleges and universities and smaller educational institutions; the ejection of Jewish judges from the courts; the expulsion of Jewish lawyers from the bar; the limitation and restriction of the attendance of Jewish students in all the higher educational institutions: Be it therefore

Resolved at this meeting of American-Jewish citizens of the county of Monmouth, State aforesaid, held this 10th day of May 1933, at the Synagogue, Sons of Israel, in the city of Asbury Park, county of Monmouth and State aforesaid, That we do hereby most emphatically condemn the unjust, intolerant, and outrageous anti-Semitic measures, policies, and discriminations of the Hitler regime; and be it further

Resolved, That we do hereby call upon the Honorable W. WARREN BARBOUR and the Honorable HAMILTON F. KEAN, United States Senators for the State of New Jersey, and also upon the Honorable WILLIAM H. SUTPHIN, Congressman of the Third Congressional District of the State of New Jersey, to raise their voice of protest in the Halls of the United States Congress, move for the adoption of the resolution by the Congress and the Senate denouncing the unjust, unwarranted, and inhuman exclusion of Jews from the civic, political, and professional life of the country in which they have lived over sixteen hundred years, and to which they brought untold glory and distinction in every field of endeavor; and be it further

Resolved, That we call upon the Honorable Franklin D. Roosevelt, President of these United States, to use his good offices in behalf of the oppressed and persecuted Jews in Germany.

Respectfully submitted by the resolutions committee.

MEYER COHEN,

Rabbi of Congregation Sons of Israel, Asbury Park, N.J.

SYDNEY DRESDEN,

President Congregation Sons of Israel, Belmar, N.J.

RALPH B. HEACHEN,

Temple Bethel.

BENJAMIN FREEDMAN,

President Asbury Park Hebrew School.

LOUIS I. MILLAR,

President of Congregation Sons of Israel.

REPORTS OF THE PUBLIC LANDS COMMITTEE

Mr. DILL, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1727. An act for the relief of Earl A. Ross (Rept. No. 84); and

S. 1728. An act for the relief of Frank P. Ross. (Rept. No. 85).

Mr. BRATTON, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1724) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex., reported it without amendment and submitted a report (No. 86) thereon.

ADDITIONAL COPIES OF FARM LOAN EMERGENCY ACT

Mr. VANDENBERG. Mr. President, there is a great demand by Senators and Members of the House for additional copies of the Farm Loan Emergency Act. On behalf of the junior Senator from Arizona [Mr. HAYDEN], Chairman of the Committee on Printing, he being unavoidably absent, I present a unanimous report on Senate Resolution 83 from the Committee on Printing to provide additional copies of the act, and I ask unanimous consent for its present consideration.

The VICE PRESIDENT. Is there objection to the request of the Senator from Michigan?

There being no objection, the resolution (S.Res. 83) was read, considered, and agreed to, as follows:

Resolved, That 25,000 copies of Public Law No. 10, approved May 12, 1933, relating to agricultural adjustment, agricultural credits, and currency expansion, be printed for the use of the Senate document room.

ENROLLED JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on May 19, 1933, that committee presented to the President of the United States the enrolled joint resolution (S.J.Res. 50) designating May 22 as National Maritime Day.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. VANDENBERG:

A bill (S. 1737) authorizing a preliminary examination and survey of the Crooked and Indian Rivers, Mich.; to the Committee on Commerce.

By Mr. McCARRAN:

A bill (S. 1738) authorizing the Reconstruction Finance Corporation to make loans to irrigation districts for certain purposes; to the Committee on Irrigation and Reclamation.

By Mr. SHEPPARD:

A bill (S. 1739) to relieve the existing critical national economic emergency in agricultural as well as in commercial and industrial pursuits; to the Committee on Agriculture and Forestry.

AMENDMENT TO BANKING BILL

Mr. CLARK submitted an amendment intended to be proposed by him to Senate bill 1631, the banking bill, which was ordered to lie on the table and to be printed.

WORLD ECONOMIC CONFERENCE—ARTICLE BY FORMER AMBASSADOR EDGE

Mr. KEAN. Mr. President, I ask unanimous consent to have printed in the RECORD an article by former Ambassador Edge in regard to the forthcoming World Economic Conference, published in the New York Tribune of last Sunday.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, May 14, 1933]

EDGE URGES UNITED STATES TO RENOUNCE INTERNATIONAL SANTA CLAUS ROLE BEFORE NEW CONFERENCE OPENS—SEVERAL NATIONS ALREADY IN LINE FOR ECONOMIC HORSE TRADING AND AMERICA SHOULD NOT FORGET HER CREDITOR POSITION WHILE CONSIDERING LOWER TARIFFS AND TRADE PACTS, FORMER ENVOY WARNS

By Walter E. Edge, former American Ambassador to France

These are days when every citizen, irrespective of previous political or economic convictions, should contribute all in his power in the interests of national solidarity. However, in my judgment, this goal can best be reached, or at least more headway made, through frankly facing the facts.

Of course, we should approach the responsibilities of the World Economic Conference wholeheartedly, enthusiastically, and with determination to secure definite results. In fact, the recent Washington conversations certainly demonstrate that intention. Nevertheless, in the interest of harmonious and constructive action, it occurs to me it might be just as well for the United States, in advance of the convening of the conference, to let it be known that we do not propose to be an international Santa Claus.

The apparent diffidence of the nations invited to enter into a tariff armistice before and during the duration of the conference is in itself significant. It must not be overlooked that some of the countries abroad have for months been preparing and arming themselves for future bartering and horse trading. While our Government has been suggesting the lowering of tariffs and the elimination of other trade restrictions, European nations have been adding them on as well as concluding new treaties which exclude the United States. Now that a definite proposal is made by us to stop this practice, at least during the period of discussion, we are met generally with a lack of enthusiasm and, in fact, in some instances, with definite reservations.

This should serve as a note of warning that, notwithstanding the optimism which seemed to surround the Washington conversations, some foreign governments, nevertheless, are still recalcitrant. If, in the hope of increasing our export trade, we are to face a proposition for the cancellation, or at least a substantial revision, of war debts, the validity and legality of which no nation has questioned; if we are to remove protection from local producers through lowering our tariff and then in the final analysis we are expected to again loan Europe money in order to buy our goods, as obviously Europe will not take many of our wares without new loans, then a little advance figuring from a domestic standpoint would seem to be quite justified.

Our experience in international conferences in terms of the results obtained does not warrant much optimism—except where we are prepared to make the major sacrifices.

STEPS TOWARD DISARMAMENT

Consider, for instance, the various steps toward a disarmament agreement.

At Washington in 1921 real progress was made in the direction of the limitation and reduction of capital ships when the United States agreed to scrap ships built or building while other nations nobly sacrificed their blueprints.

At London the results were relatively negligible and limited to three naval powers, while at Geneva, despite our many proposals for real reduction, notably former President Hoover's move for a one-third curtailment, nothing has eventuated except generous discussion. Nevertheless, even with all these previous discouragements, it is obviously our clear duty to press on in the hope that present world conditions will ultimately compel broader understandings and more liberal reactions.

After 3 years abroad in the Foreign Service, I am more than ever convinced that America is basically dependent economically on a scientific preparation and application of a protective tariff that fully protects. If the present disinclination on the part of other nations to enter into a tariff truce is any criterion, then they must hold the same opinion as applying to their own problem.

I do not attempt to defend many inconsistencies and inequalities in our existing tariff schedules. Nevertheless, I feel quite positive that tariff trades, unless they followed a comprehensive and individual study which justified reductions, would add significantly to our economic difficulties by inviting sectional discord and still further reduce our standard of living as well as increase unemployment, all without comparable compensation in the form of greater markets for our goods abroad.

WORLD CARTEL IDEA IMPRACTICABLE

If the producing countries of the world could form an international cartel, as it were, control production and amicably divide the world's markets, the situation might be improved. But, apart from the absolute impossibility of reaching, or at least carrying out, such a utopian agreement, I greatly doubt the wisdom or efficacy of this course.

The world, generally speaking, has prospered through healthy competition. It only started on the downgrade when an uncontrolled orgy of speculation set aside all normal practices and precedents.

Following my retirement from the ambassadorship, I visited the capitals of all the Balkan States, as well as other countries in southern and eastern Europe. I had the privilege of chatting unofficially and informally with many of the rulers and cabinet officers of those different states. I was particularly impressed with the unanimity of opinion, freely expressed, that nothing concrete could come out of the proposed economic congress if the disarmament conference failed to reach real agreements. The pessimism in this regard was universal.

I am far from being an extreme nationalist. But I feel strongly that in the present zeal for international idealism we should not evade the facts or practice self-deception.

LITTLE ACCOMPLISHED SO FAR

The years since the war have been replete with fruitless conferences. The interests of the people are so diverse, their ambitions and emotions so complex, that little headway in the field of material international agreement has been found possible. I regret to admit it, but it is my firm conviction that most of our problems of national recovery must be worked out within our own borders, and we now seem to be making commendable headway in that direction.

Of course, progress was made at Lausanne toward the solution of the reparations problem. But it should not be overlooked that that agreement is apparently contingent upon further sacrifices by Uncle Sam. Moreover, it is not much of a concession to wipe off a type of credits that will not be paid in any event.

Possibly the United States is facing similar difficulties with war debts, but before these just claims become actual stage money there are some justifiable bargains and adjustments that can and should be made, and that without involving the destruction of vital protection to American labor and industries.

There are trade restrictions practiced by some of our debtors, many discriminatory, that should be adjusted before we seriously talk revision. We hold a very effective weapon and are from every standpoint justified in using it.

In short, in our negotiations we should not give up the cake and the penny too.

CRITICS ADVISED TO LOOK AFIELD

Those who charge against our protective system most of the present economic ills and particularly criticize our nonscalable tariff wall, as they characterize it, seldom make comparisons with what is being practiced by competitive nations.

Efforts to blame our protective system, even despite unfair and unjust trade restrictions in many parts of Europe, as the major cause of the depression is simply to evade existing facts. I cannot understand the policy of some of our own people, especially when they see what is taking place abroad, of pointing to the United States as a glaring example of trade barriers and prohibitive tariffs.

In point of fact, the United States presents the fairest tariff policy in the world today. While some of our individual schedules are undoubtedly too high and should, when not justified by trade or production facts, be lowered, nevertheless our general application of the most-favored-nation principle treats all competitors alike and establishes the United States as an open market without any favorites among the nations.

The same cannot be said for many of our neighbors. Quota restrictions which are nothing more nor less than partial embargoes, discriminatory turn-over and license taxes (none of which are in effect in the United States) form trade barriers against American imports which cannot be surmounted. The United States has been able to close commercial treaties with but few nations because of these obvious discriminations.

While a reversal of our economic policy and the substitution of a bilateral or bargaining system for general most-favored-nation treatment has some support, I am of the opinion that in the long run it would open the way to untold difficulties and surely invite reprisals. The fact must not be lost from sight that we are the greatest creditor nation in the world.

Again, when the proposal is made to discard our present open-door policy, careful consideration must be given to the character

of our foreign trade. Even in normal or affluent times we have exported less than 15 percent of our production, divided into approximately 11 percent of raw materials and under 4 percent manufactured goods. In other words, the outside world purchases from us mainly such materials as it cannot buy on equal terms from other nations in the open market for purposes of domestic manufacture.

While I do not minimize the importance of disposing of even this relatively small proportion of our production, at the same time I fail to see where our protective system, which is similar to the system prevailing in all other countries, influences, much less controls, purchases of our goods by foreign countries at world's prices. It has not in the past and in normal times will not in the future, if we have the required material to sell.

It is plain, ordinary common sense that a foreign nation purchases from the outside only what it does not produce at home and then at the best prices it can obtain. As a rule the tariff only indirectly enters into these sales as these needed commodities are usually on the free list.

DOMESTIC MARKET COMES FIRST

The same applies moreover to the small foreign consumption of our manufactured goods, accentuated considerably by inventions and styles. For example, American automobiles and farm machinery have a market everywhere because to date no other country has turned out such satisfactory products.

As a consequence I am convinced that our main effort should be to reinvigorate our domestic market. It is estimated that sales at home have declined about 45 percent as compared with normal times. Most certainly a blanket reduction of our import duty would not correct this situation. Every additional invoice of competitive goods imported must necessarily still further reduce domestic production. This, of course, is an old story, but to me it lies at the very root of the whole situation. Likewise, our exports abroad will increase only with a return of general business activity greatly contingent upon a return of confidence at home which, fortunately, now seems to be on the upgrade. Our energy should be expended still further on that domestic effort.

European countries, unfortunately, are frequently compelled to give more attention to the prevention of warlike outbreaks and to adjust political problems with each other than to the readjustment of international commerce across the sea. It is our duty to help in every way we can without becoming embroiled. In our own interest it is imperative to keep in close touch with every development. But at this time we have, first and foremost, a man's job at home, and I cannot see how a general reduction of the tariff will regenerate American confidence or increase American sales.

At the outset of this article I frankly admitted the existence of many inconsistencies in the American tariff schedules and stated my opinion that they should be readjusted. There is no doubt in my mind that there have been individual cases of unjustifiable tariff boosts. These have doubtless been the origin of much of the criticism of the tariff. To overprotect a commodity is as wicked as to expose it to the raids of cheap foreign importations. In the former case the consumer is unfairly gouged; in the latter instance the American workman is thrown out of employment.

AN EXAMPLE OF MISJUDGMENT

During the period of my official responsibility in France I witnessed one particularly glaring example of attempted overprotection, and I did not hesitate to denounce it publicly. One branch of Congress proposed to raise the ad valorem duty on certain types of hand-made lace, principally produced in northern France and Belgium. The old rate was from 80 to 90 percent ad valorem; the new rate soared as high as 300 percent. Of course, such a raise would have been tantamount to an embargo. The effort failed. Without any doubt if it had been enacted it would have exaggerated the cost to the American consumer.

And while I hope I am a consistent protectionist, nevertheless I refuse to believe that any industry, whether a so-called "infant industry" or otherwise, is entitled to such high protection. If we are unable to produce a commodity at a cost less than 3 times the average world cost, we should permit the other fellow to enjoy the trade. I am no more opposed to embargoes, quota allotments, or discriminatory levies than I am to overprotection.

But if our tariff, equal to all, has seriously contributed to the world's economic troubles, as some insist, then let us repair the error along scientific and not political lines. And if our debt contracts, duly accepted and ratified, are to be reopened and revised, the discriminations and inconsistencies now faced by American exporters must in all fairness be first permanently adjusted.

PUBLIC-WORKS PROGRAM—ARTICLE BY JAMES M. THOMSON

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have inserted in the RECORD an article by James M. Thomson published in the New Orleans Item of May 15, 1933.

There being no objection, the article was ordered printed in the RECORD, as follows:

[From New Orleans Item, May 15, 1933]

LARGER WORKS ISSUE FAVORED—INCOME TAX TO CARRY BONDS

By James M. Thomson

Senator NYE, of North Dakota, offers an amendment to the forthcoming tax bill which may avoid the necessity for a sales tax for the impending public-improvement bond issue. He shows that

reflation must necessarily bring vast profits to those who have picked up real estate, stocks, bonds, and other bargains at pre-closure or sacrifice sales. So he proposes a supertax on incomes above \$100,000 a year. He would grade this tax up to 75 percent of net incomes above \$1,000,000 so long as the war on depression and unemployment lasts. He would also enlarge Federal inheritance and gift taxes. In other words, he would follow the course pursued by our Government in income taxation during the late war on Germany.

All taxes are unpleasant and most of them undesirable. The tax which falls heaviest on the consuming masses is a sales tax, for the workingman with a large family necessarily pays more sales tax than a rich but smaller family does, and far more than wealthy individuals who put their time on increasing their accumulations. Sales taxes necessarily tend to impede business, and at this time what we want above all is to speed business up.

Increasing the prices of farm products will put a sales tax running to a billion dollars a year on consumers; in general, most of them city and town people. Likewise limitation of farm production will have the same effect. Yet we have already adopted this policy in the new farm bill in order to restore farmers and farm laborers to industry and give them purchasing power.

I favor not a \$3,000,000,000 public-works bond issue but five or even six billion dollars for that purpose.

The war in America is a war to put our unemployed to work. It is a more serious war than the one we waged in Europe. It justifies Federal expenditures on a scale which will insure our winning that war.

As inflation brings back values speculators and gamblers will count their profits by millions and billions. The same men who got income-tax rebates of five or six billions of dollars under the Mellon-Mills administration of the Treasury, following the Hoover panic, will pick up surplus profits of billions of dollars. There is every reason in equity that they should pay a considerable part of this back into the Treasury at a time when it is needed to fight a war on superdeflation and depression. They paid taxes of this kind to aid in the World War. Many of them expressed themselves as glorying in the sacrifice. Surely the condition of unemployment among their fellow citizens should have an even stronger appeal to them. For this expenditure is entirely constructive.

For one I have not sympathized with the agitation for cutting the wages or salaries of either our better-paid Government employees or of our Senators and Representatives. Nor am I in favor of the cutting of the salaries of our presidents of our life-insurance companies or our railroads or of our great manufacturing or industrial organizations. Men of great ability, of experience and skill, men who carry great responsibilities are entitled to a handsome reward for their talents. Congressmen get not too much but too little. Cabinet members and their executive assistants are woefully underpaid. The President of the United States gets too little.

But in times like these there is a moral value in the gesture they make of cutting their salaries while they are cutting Government expenses all round. The people who make the country a going concern are the people who furnish it with brains and brawn. The men and women who live on "unearned increment", who shoot craps in a large way, can in this emergency well afford to contribute to government more of their surplus incomes over a hundred thousand and over a million net per year. They can afford, for a while at least, to pay some additional inheritance and gift taxes.

This talk about all the rich in America being broke is hokum. If it were true, no one would oppose taxes of the kind Senator NYE proposes.

Plenty of concerns in America have net incomes above \$10,000,000 this year. There are plenty of individuals whose net income will vary between a million and \$5,000,000. And these people can well afford to give part of their surplus which is not invested in tax-exempt bonds and securities.

In England this class of people pay real income taxes and real inheritance taxes. England has used this tax to keep a great dole going to millions of her idle people over a long period. This policy is all wrong, in my opinion. Our people should have work at good wages, not doles. And if we sustain a real public-improvement program with taxes of this kind, we will give our people work, speed up business, stabilize values, and add enormously to the real wealth of the very people who are paying the super taxes. Meantime the little fellow who has been out of work for some years will not have to pay a sales tax on everything he consumes.

NOMINATION OF FEDERAL RELIEF ADMINISTRATOR

Mr. ROBINSON of Arkansas. Out of order, and as in executive session, I ask that the Senator from Florida [Mr. FLETCHER], the Chairman of the Committee on Banking and Currency, may report a nomination.

The PRESIDING OFFICER (Mr. McCARRAN in the chair). Is there objection? The Chair hears none.

Mr. FLETCHER. From the Committee on Banking and Currency I report favorably the nomination of Harry L. Hopkins, of New York, to be Federal Emergency Relief Administrator, and I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I stated yesterday the general practice and the desire not to take up matters of this kind until reported by a committee. I understand that the report on this nomination was unanimous.

Mr. FLETCHER. That is correct.

Mr. McNARY. And in view of the emergent situation about which the able Senator from Arkansas told me, I have no objection to having the nomination acted upon, and, going farther, to having the President notified.

The PRESIDING OFFICER. Without objection, the nomination is confirmed, and the President will be notified.

Mr. ROBINSON of Arkansas. I thank the Chair and the Senator from Oregon.

OPPOSITION TO SECURITIES REGULATION BILL

The Senate resumed legislative session.

Mr. LEWIS obtained the floor.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Florida?

Mr. LEWIS. The distinguished Senator from Florida has a matter which he feels that he would like to present at this time and it is more or less dependent upon a matter waiting outside. I yield to the Senator, with the understanding that I do not yield the floor and that I may take the floor immediately following the conclusion of the remarks of the Senator from Florida.

Mr. FLETCHER. Mr. President, it was not to be expected that a measure, such as the Federal securities bill, now in conference, designed to protect the public from the financial racketeering of certain classes of so-called "investment bankers", could be enacted without arousing the most determined opposition on the part of that profession which has mulct the people of some \$50,000,000,000 during the past 10 years.

These interests were given their day in court in the hearings before both the Senate and House committees and submitted voluminous briefs, but it is evident from the almost unanimous approval of the bill in both Houses, that their arguments made little impression.

Every effort was made by both committees to satisfy every reasonable criticism or objection made to the bills. It became necessary, therefore, for opponents to resort to other expedients, and this has taken the form of inspired telegrams and letters to the members of the conference committee, seeking to influence their decision and to postpone further action on the bill until the next session of Congress when, these interests hope, sufficient time will have elapsed for the public and the Congress to have forgotten to some extent the occurrences of the past few years.

Not all the firms, however, to whom they sent instructions to wire protests to committee members were in sympathy with the suggestion. One of these latter has sent to the committee a copy of the telegram of instructions they received, which, the writer states, was sent by "representatives of perhaps a thousand investment bankers in the United States, including especially the principal ones in New York City." This telegram reads in part as follows:

Vitally important that you contact immediately executives of important industries, urging that they wire immediately Hon. SAM RAYBURN, House Office Building, and Hon. DUNCAN U. FLETCHER, Senate Office Building, Washington, the ranking members of the conference committee, stating in own language that while intent of Federal legislation approved, both bills as drafted are unworkable and constitute serious menace to industry.

Mr. COUZENS. Mr. President, may I ask the Senator from Florida who signed that telegram?

Mr. FLETCHER. I have not the original telegram with me, but it comes, I believe, from St. Louis.

Mr. COUZENS. They have been coming to Senators other than the conferees.

Mr. FLETCHER. Yes; undoubtedly.

The Senator from Nebraska [Mr. NORRIS] made it clear in the Senate on May 4 that the president of the United States Chamber of Commerce has always been essentially a

promoter and director in numerous public-utility companies. He listed more than 20 power companies which Mr. Harriman had either promoted or in which he serves as an executive or member of the board of directors. The report of the Senator from Nebraska stated that—

Mr. Harriman has exhibited no grief over billions of watered stock on which the consumers must pay higher rates to maintain dividends.

Moreover, it is well known the United States Chamber of Commerce includes numerous investment bankers, brokers, and dealers among its membership. That organization's instructions, transmitted through local chambers to their more important members, reads as follows:

Believing that you should interest yourself in opposition to these bills which are now being considered by the conference committee of Congress, I urge that you immediately wire the Honorable DUNCAN U. FLETCHER, Senate Office Building, and the Honorable SAMUEL RAYBURN, House Office Building, Washington, D.C., stating in your own language that—

You are in sympathy with the intent of Congress to regulate the issuance of securities but believe both bills (giving their numbers), as drafted, are unworkable and also are a serious menace to industry and business generally.

The securities bill, now in conference, received the most careful consideration by two Federal departments before being submitted to Congress and has been minutely studied by the committees of both Houses for some weeks past with the assistance of recognized authorities on investment matters, who have gladly contributed their aid in drafting and editing this measure. When its provisions were first released to the public, it was received with editorial acclaim throughout the entire country, including that financial authority, the Wall Street Journal.

The proposal was also well received by most of those financial institutions that desire to do a legitimate business and realize the absolute necessity of restoring public confidence before they can prosper. One firm, for example, that had been asked by certain investment bankers to wire a protest, did the contrary and telegraphed the committee as follows:

Earnestly against this organized effort of bankers to thwart just legislation by the administration and that they were still subjected to efforts to whip them into old-gang line, whereas they conceive the salvation of investment banking business solely dependent upon restoration of confidence by assurance that past crookedness will not occur again in short time.

Truly, these instructions sent out by the chamber of commerce and the investment brokers have had quite a contrary effect of that intended and, boomeranglike, have done their cause far more harm than good.

While pretending to be favorable to the President's message and declaring they were in accord with the purpose of the legislation, they insisted on delaying action, and although they had been offered every opportunity for being heard, and were heard for weeks, they urged, after the hearings closed and the bills were reported, that they be given additional time and opportunity to present their views. They simply wish to be let alone, have their own way, pursue their own course, without any restriction or regulation, as in the past.

The country justly demands that the public have some protection, real investors some safeguards, and honest business a legitimate chance.

The conferees have agreed, and helpful and needful legislation will be enacted shortly.

I wanted to make this statement in connection with the bill because I know that Senators have been bombarded by this kind of telegrams stating in a general way that the bill is not workable and will do more harm than good, and asking to have it postponed for future consideration. I ask that the Senate, when the time comes, will take action at once and that this legislation may be placed upon the statute books.

Mr. President, I ask to have printed in the Record a copy of my letter to Mr. Harriman with reference to the legislation.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

MAY 8, 1933.

Mr. HENRY I. HARRIMAN,
President Chamber of Commerce of the United States,
Washington, D.C.

MY DEAR MR. HARRIMAN: Yours of May 8 came to me just after the bill passed the Senate today.

We passed the Senate bill with some amendments and then substituted it for the House bill, so the whole matter will now go to conference. The Senate today named conferees and probably tomorrow the House will name conferees, and they will endeavor to harmonize the differences between the two bills.

This will give an opportunity for the conferees to consider any suggestions you may make. There will be no hearings, but if you will submit your views in writing, or make any suggestions, I am certain the conferees will give them due consideration.

I am very much afraid the people you are hearing from are against the legislation entirely.

The President submitted a special message asking for the legislation March 29.

The bill, S. 875, was introduced on March 29 and referred to the Judiciary Committee.

On March 30 the Committee on the Judiciary was discharged and the bill was referred to the Committee on Banking and Currency.

That committee took it up at once and proceeded with the hearings, day after day, until everyone who had applied had an opportunity to be heard.

The newspapers carried notices of the fact we were holding hearings on the bill; numerous persons testified and submitted arguments and briefs.

Many amendments were made to the original bill—so many, in fact, that the committee decided to report a substitute bill, and that was done on April 17 (calendar day April 27).

The hearings had been held almost daily from March 30 to April 27. Everyone who wanted to be heard was heard. Investment bankers, accountants, business men, brokers, and what not were heard. There was scarcely a day that the press did not carry notices regarding this bill and these hearings.

Now for these people to speak about not having an opportunity to be heard on the bill is ridiculous.

The House committee held hearings, and finally when their hearings were closed a subcommittee got together with their experts and drafting force to prepare the bill, and did so, and the House finally passed the bill H.R. 5480 May 4.

Today the calendar was taken up in the Senate, and the Senate proceeded to consider S. 875.

A few amendments were offered to it and agreed to.

As amended, it was substituted for the House bill, and the conferees on the part of the Senate were named.

We would be here until Christmas if every individual had to be satisfied about the bill; in fact, we would never have any legislation at all.

All I can say is, as I have stated above, if anyone has anything to say about the bill or any views or suggestions to offer, I feel certain the conferees will consider them. As the case now stands, both the House and Senate bills are in conference and each provision in each bill can be dealt with by the conferees.

Very truly yours,

DUNCAN U. FLETCHER, *Chairman.*

Mr. FESS. Mr. President, may I ask the Senator from Florida, in reference to the correspondence about which he has just commented, whether the letter from the president of the chamber of commerce was a recent one or whether it had reference to the House bill?

Mr. FLETCHER. It was a recent letter. His letter was dated May 9.

Mr. FESS. I had a letter earlier from the president of the United States Chamber of Commerce to the same effect, but I thought the Senate bill had largely cured the objections which were being made and which were directed to the House bill. I am receiving a great number of letters from Ohio that have probably been stimulated by this interest coming from Washington. I answered them to the effect that in my judgment the Senate committee reported the bill which the Senate passed and sent to conference that cured very largely the specific objections that had been made.

Mr. FLETCHER. I think the Senator is quite right. There has been a great deal of confusion. Some have had the Senate bill and some have had the House bill, and they have been filing complaints about them when neither of them will be the bill that is to be reported.

Mr. FESS. That is why I wanted to know whether the letter was a recent one.

Mr. FLETCHER. Yes; it was dated May 9. It had reference to one bill or the other, but the bill that will be reported is still another bill. It is partly the House bill

and partly the Senate bill. I think many criticisms are not well founded at all because they have been cured by subsequent action of the Senate or House.

CONFERRING OF DEGREES UPON NAVAL ACADEMY GRADUATES

Mr. TRAMMELL submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 753) to confer the degree of bachelor of science upon graduates of the Naval Academy having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: After the word "academies", at the end of the said amendment, insert the following: "from and after the date of the accrediting of said academies by the Association of American Universities"; and the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

PARK TRAMMELL,

FREDERICK HALE,

Managers on the part of the Senate.

CARL VINSON,

FRED A. BRITTON,

Managers on the part of the House.

RESIGNATION OF JOHN MARRINAN

Mr. COSTIGAN. Mr. President, Mr. John Marrinan, a trusted investigator of the Committee on Banking and Currency, recently resigned. He desires placed in the RECORD—and I am glad to comply with the suggestion by requesting its insertion—some correspondence relating to his resignation. There has been some misunderstanding of the reasons for his resignation, and of his helpful offer in connection with it to assist the committee through the hearings set for the coming week, and otherwise to aid as a consultant.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,

COMMITTEE ON BANKING AND CURRENCY,

May 20, 1933.

Hon. EDWARD P. COSTIGAN,

United States Senate, Washington, D.C.

DEAR SENATOR COSTIGAN: A public misapprehension seems to have arisen through publication of an incomplete account of my tender of resignation as an employee of the Senate Committee on Banking and Currency in connection with the inquiry into investment practices. As you were advised when my resignation was offered, it was to become effective at the end of the present month. I have had an active part in the investigation of private-banking practices, regarding which public hearings are to be held next week. I have intended, and still intend, to give every assistance to the committee until this phase of the inquiry is concluded. You are aware of my further offer to serve as a consultant to the committee during the future conduct of the investigation upon invitation to do so.

Will you be good enough to have printed in the CONGRESSIONAL RECORD the two attached letters pertaining to my resignation? They make it clear, I believe, that I have had no desire to retire until the forthcoming public hearings on the affairs of J. P. Morgan & Co. and other private bankers have been closed.

Yours sincerely,

JOHN MARRINAN.

MAY 17, 1933.

Ferdinand Pecora, Esq.,

Suite 1110, 285 Madison Avenue, New York, N.Y.

DEAR FERR: The attached copy of letter to Senator FLETCHER will require no explanation. All I can add to it is that I dislike leaving the very agreeable association I have had with you. I have been in this picture since the investigation started. In retrospect, I count my most valuable contribution to be the part I played in retaining you as counsel.

It is needless for me to add that I am under no obligation whatsoever to anybody until June 1. You may, therefore, count upon me fully until that time.

Yours sincerely,

JOHN MARRINAN.

MAY 17, 1933.

HON. DUNCAN U. FLETCHER,

United States Senate, Washington, D.C.

DEAR SENATOR FLETCHER: I wish to tender my resignation as economic adviser to the Senate Subcommittee on Banking and Currency which is conducting the investigation into investment practices under the terms of Senate Resolution 56, Seventy-third Congress, first session. If agreeable to you and to the committee, I should like to terminate my services as of May 31 next.

I am taking this step with reluctance by reason of my interest in the work of the committee and the personal satisfaction I have derived from being associated with you and with Mr. Pecora. However, my personal circumstances have moved from bad to worse over the past year by reason of the salary limitation imposed in the Legislative Appropriation Acts of 1933 and 1934, and I find myself unable to continue on my present income. Moreover, there does not appear to be any easy remedy within the power of the committee, because I am already receiving the maximum permitted by law, namely \$255 per month net. It should be added that other members of the staff are in the more fortunate position of having supplementary sources of income.

I desire to express to you and to the individual members of the subcommittee my sincere gratitude for the consideration shown me during my period of service. If I can be of assistance without remuneration as a consultant during the further course of the committee inquiry, I would be glad to have you call on me.

Yours sincerely,

JOHN MARRINAN.

PROJECTED CONSULTATIVE PACT—ITS DANGERS IF MISUNDERSTOOD

Mr. LEWIS. Mr. President, I beg for a moment to enter to a subject that is not akin to finance and the banking bill, as to which addresses have just been made by the honorable Senators from Florida and Michigan. I embark, sir, on a theme to which I am moved by assertions from international publications—all of eminent source—that do injustice to the United States.

Mr. President, an eminent philosopher-poet has left for our consideration the suggestion that Falsehood upon the wings of Mercury will take its course, in winding ways, and proclaim itself all virtue—and with such rapid strides find abiding places, and from these herald posts hiss its mists of deadening miasma, while Truth, with her leaden heel and slow approach, will move so slow behind the masked cavalcade that she will never overtake to convert to right the legions who, trembling with alarm and disturbing concern, are fixed breathless in fear.

The European press, flashing its continental sensation, makes free to announce that the eminent spokesmen of the great nations of Europe, whose representatives have had the honor of being lately in consultation at Washington with the distinguished President of the United States—these renowned envoys were received with that courtesy which becomes, of course, the ever-hospitable manners of the United States and the welcome of its people to the strangers within our gates—sirs, we today have it reported that these ambassadors of international unity proclaim that there was an agreement made between those who represented a European national situation with the President of the United States that the United States and its people will enter into a "consultative pact"; that this so-called "consultative pact" binds the United States to become a party to whatever controversy should arise between those foreign nations as between themselves, or as between themselves and the Asiatic countries, should such arise.

The impress is very clearly conveyed to affirm that the United States is on the eve of closing into some form of understanding which the writers characterize and the parliamentary spokesmen in public assemblages define as a pact in which the United States will, upon invitation, enter into the consideration of whatever controversy or conflict there is pending or threatened between any countries of Europe, or that of any countries of Europe and Asia. It is asserted that under this compact we will adjudge which of these in contest or conflict is the aggressor nation. May I use the exact language as I read it, saying—

It will be left to the United States to judge which is the aggressor to be punished.

It is claimed that when one has been determined as the aggressor the form of punishment to be inflicted will be decided, or at least will be controlled, by the course that the United States may suggest should be taken.

Mr. President, to ourselves in the United States these projected boastings mean little. We in public life, in all public posts—my eminent colleagues who sit about me on both sides of the Senate—know how often exaggerated observations are indulged. Sometimes such is fulminated to serve some local purpose in Europe, or, perchance, to serve an object at home here in America. Then oftentimes, as is the case now, when such will enhance the value of eminent representatives or when such will impart certain credit to the foreign nations which are busy in sending forth the propaganda that best serves its immediate object then in hand.

Mr. President, I make bold, as a Member of this honorable body and as a citizen of the United States, to say it is an error of fact from any source which asserts that the United States has now entered, or in the future will enter upon, any form of an arrangement called "a consultative pact" in which we volunteer to sit in judgment in the controversies between European nations that do not touch us in any form. Or, sirs, to enter in the controversies between European nations and Asiatic nations which in no wise affect our interests, but did we so depart, would leave us as an intruder or offensive trespasser.

Sirs, from this forum we tell the world that the people of the United States have never authorized any President of the United States of the past, nor, if I conceive them correctly—as I feel I do—for any future, will the United States be directed or authorized to enter into any form of an arrangement by which we are to sit in council and judgment touching the conflicts of foreign nations with each other, and never in our own behalf, ex cathedra, adjudge and decide who is the aggressor in any national conflict of Europe or Asia and proceed upon our verdict to inflict a form of penalty—these penalties as is reported in one of these statements I hold in my hand, by "withdrawing commercial credit", "withholding governmental association", and then latterly to determine what form of force we will put behind the decision in order that it shall be executed according to the will of the United States. Now, sirs, our Nation has a President who never could be allured by seductive glamor nor forced by intimidations to offend the spirit of his Nation or violate his fixed principles of a constitutional officer now fulfilling oath and duty. To hold him out as capable of either offense is to slander his wisdom and impeach his patriotism.

Sir, this country ought not be subjected to the charge by these eminent sources of Europe of ever having been willing to enter into the broils of the governments of foreign lands, nor to consent to act as a judge as between their conflicts, and decide which, from our point of view, is an aggressor, and then proceed to inflict such punishment as the European nation will define, as called for and justified from the circumstances as presented to us by these European contestants.

Sirs, we can say for our President that through him the United States will not enter into any arrangement called a "consultative pact" that calls for any other consultation than that to which it may be invited to offer its advice and counsel as to the best manner of maintaining the peace, avoiding conflict, and, in every possible instance that we can command, obstructing war. Sirs, the people of the United States shall not now be deluded with the theory, visioned from foreign report, that there has been any secret understanding indulged here at Washington between these eminent representatives of foreign nations and the distinguished President of the United States that would so violate the traditions of our land as to intimate that we have voluntarily assumed to come into an offensive pact whenever invited, to the end that we may render judgment in favor of one and against another of the foreign nations, and then suggest, in the plenitude of our trespass, the form of penalty that should follow, and thereupon be prepared to see that the penalty should be executed by whatever force may be demanded by these foreign representatives to carry out the principle of whatever their contest may be. This violation of our basic principles of self-government and home rule will never be inaugurated by a democratic United States of true republican form.

Mr. FESS. Mr. President, will the Senator permit an interruption?

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Ohio?

Mr. LEWIS. Certainly; I am pleased to yield to the Senator from Ohio.

Mr. FESS. My inquiry is as to how far we could go in consultation and still be free from the application of any penalty. In other words, I have never felt any great hesitancy about the Government of the United States consulting with others, but my fear has always been that a judgment to be arrived at might carry with it the inference of sanctions or enforcements of it; and my query to the Senator is, How far could we go in the former without being subject to the criticism of the latter?

Mr. LEWIS. Mr. President, the eminent Senator from Ohio, learned, as we know, by his experience in public affairs of the great possibility of danger of this United States entering into either a conflict of words or a conference where we will make a decision as to the right of one foreign nation and the wrong of another, propounds a pertinent query. I answer the Senator: The furthest it was ever the intent of our countrymen to authorize our representatives to enter into that which would be called a consultative pact is that which has ever been their privilege and ever been their offering in every instance of conflict—which is the mere advice and counsel as to the manner in which peace may be preserved and to act as some interceding agency looking to the restoring of good feeling and complete harmony; but never, I answer the able Senator from Ohio, was it the intent of our country, nor, I make bold to say, the intent of the distinguished President of the United States now sitting, that we should be called into any pact that must result in our passing judgment and being left in a position where the nation against which we offer judgment is to be our enemy and carry within its bosom a hatred of us; while that which we favor would immediately expect of us strength and force sufficient to carry out the decision that was in its favor and benefit. For the reason, sir, that either one of these may transpire, I will assume that no consultation beyond that which we have ever indulged—to wit, the advices of a good friend—can go, and no farther should it assume to go.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Kentucky?

Mr. LEWIS. I yield to my friend from Kentucky.

Mr. BARKLEY. I desire to ask the Senator whether he opposes this country consulting with other countries, or with representatives of other countries, in a mutual, world-wide effort to bring about peace or prevent armed conflict? And if the United States should enter into an agreement to sit down at a table and consult about the best methods by which peace could be preserved, does the Senator think there would be any implication in such consultation that if there was failure of the consultation, and armed conflict should finally result somewhere, we would be under any obligation to enter into that conflict?

Mr. LEWIS. I answer my able friend from Kentucky by saying that, if we are asked to sit at table for conference looking to the general peace of mankind, we fulfill that spirit that loves peace and serves humanity that is ever that of the United States. Yet, sir, to be seduced into a conference where already conflict has ensued, and war is threatened, and where the question to be determined is as to which is the aggressor in that particular matter, I say to my able friend from Kentucky that such course is no part of the duty of the United States; and, should it enter upon such, that action would involve the United States rendering judgment against one country in order to favor the other with a decision affirmatively asserting its innocence. We should keep out of intermeddling with the affairs of European countries which in no wise affect ourselves. Therefore, I can see great danger from it; and, I answer my able friend from Kentucky, so great a danger that I would advise my country under all considerations to avoid any gathering or such pact with such baleful object.

Mr. BARKLEY. Mr. President, if the Senator will yield further—

Mr. LEWIS. I yield to the Senator.

Mr. BARKLEY. I have never understood that the suggestion of a consultative pact carried with it anything more than an obligation or agreement to consult about the world's difficulties and troubles. I have never understood that if a failure to agree upon any policy, or a failure to prevent warfare, should result from such a conference, there was any implication that we thereby obligated ourselves, whatever might have been our position in the consultation, to follow into war for or against any nation which might take part in the conference.

Mr. LEWIS. I answer the able Senator from Kentucky by reminding him that we were invited from time to time into conferences looking to what many of us felt was some order of peace and intercession and mediation as between the countries that were at war—Germany, France, and England—we all remember the final act; and we will not forget that our entrance in being invited through the insidious propaganda with its effect drew us to where our judgments and announcements were held as offenses against other countries involved, and our entrance into these consultations touching the affairs of these outside nations was treated as a violation of treaty and neutrality, and we found ourselves in war, the results of which we are depicting from day to day from this great Chamber, while we suffer the burdens and miseries—and all the unhappy consequences which followed.

Therefore I insist that any pact that this land should enter into, whether through the action of the honorable President of the United States or otherwise, can go no farther than the entrance into a consideration of friendship looking to advice and counsel with the view of avoiding war and preventing conflict. But, sirs, when we are asked by any foreign people or nation to participate in a consultative pact touching relations and conflicts which have already begun in some form, and we are by our pact to pass a judgment as to which is the aggressor, and an intimation as to how the aggressor should be punished, that, I declare, sir, is no part of the duty of the United States. Where our interests are not involved, we should in no wise be brought into such entanglement; and, to avoid such, I respectfully insist there is no privilege on the part of any foreign government to assert that any arrangement has been made with the United States to enter into consultative pacts touching the conflicts already opened in disputive diplomacy or battlefield contest between foreign countries in which we have neither interest nor a part.

Mr. President, I therefore speak of things that are a little too far geographically for all of us to understand. This morning the eminent Senator from Florida spoke as to telegrams which had come to this honorable body. The Senator from Ohio joined in calling attention to similar matters touching purely civic legislation, all urging action on the Senate to serve private interest.

Now comes from our country, particularly in the West, the sheaf of telegrams asserting that certain societies of citizens believe that we have entered into an understanding which is to step in and participate in conferences which are to arrive at which is guilty or which is innocent as between these who have already begun a contest among themselves and anticipate conflicts and wars that would ensue from such. Our people are frightened by this fleshless and unbodied specter.

Our countrymen must be free from any such fear. America must understand that her public officials have never assumed, without the consent of their countrymen, to enter into the affairs of any foreign country, either for the adjustment of their military arrangements or their private financial disputes, and pass judgment as though we were acting as guardian of their affairs or the conservator of their interests. Sirs, from such imaginings we are likely to awaken from our own countrymen a very serious suspicion of our conduct and lose the confidence of the great masses of our people now being so greatly enjoyed by the distinguished

President of the United States. This confidence and trust should not be shattered by the misinterpretations which are going abroad and coming from abroad, and are being published now, recoiling in their influence against the United States.

Mr. President, one other observation I make bold to tender. It is inseparable from the gossip and false whispers as to our Nation surrendering its principles at demand of foreign power. It is said in all quarters that there is something mysterious or hidden in the relationship of the war debts. It is now charged that they have been injected in the movement for the economic conference that is assumed soon to be begun.

I respectfully assert that there is no one who can justify the charge that the President of the United States, or the representatives of this honorable Government, of any political organization, have ever conceded to the theory by which the war debt should be made a basis of discussion and preliminary to the entrance upon the economic conference, the conference that has for its object the purpose only of adjustment of the matters of international trade.

Mr. President, I make bold further to say that if the time shall come when the President of the United States shall assume that there are justifications for entering again upon consultations and conferences as to the debts, looking to the modification of terms or the extension of time, or for whatever reasons urged, I respectfully assert that since we are now going to Europe at the instance of the European nations to assemble at London, and then at Geneva, at London on the economic question, what is ascertained and designated as the tariff truce, and at Geneva in the matter which we define as looking to some method of disarmament.

Then, sir, if the question of the international debts, particularly the war debts, is to be taken up, and then considered anew, separate and apart from these others which at London or at Geneva are to be indulged, I propose that then those discussions, of whatever nature they may be on the war debts now in dispute, this new consideration be taken up here in the United States; I ask that the meeting on that subject, if it shall ever be held, shall be held here, and I would suggest at the Capital of this Nation at Washington. Here it is where the whole question may be free, sir, from the prejudice of the environment which has surrounded the discussion at each previous time it has been entered upon. Here we would be rescued from that prejudice of inherited hatred which followed the World War, and which is still so indulged by certain countries that we see each morning the flickering lights upon the skies indicative of the new flames that flash the fires of war as between some of these nations who are to sit in the deliberations.

If, therefore, this question is, out of the generosity of our hearts, or for the purpose of some justice which we see could follow as a result—I say, if it is to be taken up in a new conference and for a new consideration, justified in the mind of the President of the United States, or the Congress—then, sir, let it be at such a place that the result, whatever it will be, cannot be imputed to the transmitted hatred of nations, and all subject to the mad moments we glimpse in the political upheavals of our surrounding nations.

Sirs, we offer such peaceful and quiet atmosphere to our foreign visitors who come as delegates and envoys. Sirs, all the world knows we are a people who seek no territory; we are a people who seek no penalty. We are of a nation that looks for peace. We are a great government that cries out to the world for the harmony of friendship, the prosperity of nations, and the happiness of man. Let that latter question, if it is to be entered, be entered here, where the arena is calm, where the surroundings are just, and where the environment is such that all mankind will see that, whatever comes from it, comes in the spirit of American justice, to the end that all the world will see our distributed justice—to all people—while America to her own people stands firm in the right and to all her people ever true.

I thank the Senate.

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COMMUNICATION FROM THE PRESIDENT—THE OIL INDUSTRY

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, which was read, as follows:

THE WHITE HOUSE,
Washington, May 20, 1933.

HON. JOHN N. GARNER,

President of the Senate.

MY DEAR MR. PRESIDENT: As the Congress is doubtless aware, a serious situation confronts the oil-producing industry. Because oil taken from the ground is a natural resource which once used cannot be replaced, it is of interest to the Nation that its production should be under reasonable control for the best interests of the present and future generations.

My administration for many weeks has been in conference with the Governors of the oil-producing States and with component parts of the industry, but it seems difficult, if not impossible, to bring order out of chaos only by State action. In fact, this is recognized by most of the Governors concerned.

There is a wide-spread demand for Federal legislation. May I request that this subject be given immediate attention by the appropriate committee or committees? The Secretary of the Interior stands ready to present any information or data desired.

May I suggest further that in order to save the time of the special session it might be possible to incorporate action relating to the oil industry with whatever action the Congress decides to take in regard to other industries—in other words, that consideration could be given at the same time that action is taken on the bills already introduced and now pending in committee.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

The VICE PRESIDENT. The communication will be referred to the Committee on Interstate Commerce.

Mr. KING. Mr. President, the message of the President which has just been read, if I properly interpret it, may call for an abrogation or a material modification of existing laws against trusts and combinations in restraint of trade. Certainly any measure that would accomplish what the President's message seems to show he desires to have accomplished would require that the Clayton Act and the Sherman antitrust law be modified, that the provisions of the latter be temporarily suspended, or something of the kind. It seems to me, in view of the significance of this question and its importance, and the legal questions involved, the message ought to go to the Committee on the Judiciary.

The VICE PRESIDENT. Let the Chair say to the Senator from Utah that a bill dealing with the entire matter involved in the letter from the President to the Presiding Officer of the Senate was introduced yesterday or the day before and referred to the Committee on Interstate Commerce. In view of that fact, the Chair thought that the letter from the President should be referred to the same committee.

Mr. KING. Mr. President, in view of the measure to which the President refers, I shall not insist upon any change of reference of the President's letter, but I do insist that the committee which considers this question should take into account the fact that, as we are advised, there is a disposition upon the part of industry, including the oil industry, so to modify the Sherman antitrust law and the Clayton Act as that industries may combine in order to conduct their operations.

Of course, the suggestion is made that these combinations shall be effected under the control and supervision of some Federal agency. It seems to presage an introduction into our industrial life of the cartel system of Germany, changing materially the competitive systems under which our country has been led to great heights of prosperity in the past.

Mr. President, something may be said later upon these efforts to destroy our competitive system, repeal the Sherman antitrust law and the Clayton Act, or further so to modify them as that combinations may form and a monopolistic control of industry be brought about in our country.

Mr. ROBINSON of Arkansas. Mr. President, I desire to add a few words to the discussion that has been taking place.

The communication of the President of the United States to the Vice President relates to a subject matter of very great importance. The oil industry apparently is in very great distress. The prices being received for the raw product are so low that they do not even approach the cost of production.

The object of the message which has been received by the Vice President, and kindly laid before the Senate by him, is to assure that prompt consideration will be given to this subject matter. It expresses the hope that the subject matter may be dealt with in one of the general bills which are now pending before the Congress, and I express the hope that the committees having jurisdiction of those bills will heed the suggestion that has been made, and give the matter attention.

Mr. BARKLEY. Mr. President, I suppose I have no authority to speak for the committee to which this communication and the bill have been referred, or for the chairman of the committee, but I think it is safe to give assurance that the committee will give earnest and thoughtful consideration to this message and to any measure that may be framed along that line.

Mr. ROBINSON of Arkansas. The Senator refers to the Committee on Finance?

Mr. BARKLEY. The Committee on Finance and the Committee on Interstate Commerce.

Mr. ROBINSON of Arkansas. Both committees?

Mr. BARKLEY. Both committees; yes.

Mr. ROBINSON of Arkansas. Very well. I am very happy to receive that assurance.

RELIEF FOR HOME OWNERS

Mr. TRAMMELL. Mr. President, in the noon edition of the Washington Times I notice, in an article commenting on the emergency legislation which is to be proposed before the conclusion of this session, that the home loan bank bill which passed the House and is pending before a committee of the Senate may be abandoned if the opposition proves stubborn. That is a bill which has inspired hope in the breasts of millions and millions of home owners throughout the United States—hope that they will be able to secure some relief in the nature of loans to them for the purpose of refinancing and saving their homes from foreclosure.

Mr. President, I have gone over that measure. I do not think it is as broad and as generous as it should be, and I have contemplated offering some amendment to it so that an owner may be able to obtain a loan. Most everyone has been taken care of in legislation, and will be, except the individual home owner who has a mortgage upon his property, or desires to obtain a loan upon his home. I just rose to state that I hope this article in the Times is a mistake, and that the measure referred to will not be abandoned, regardless of the stubbornness of the opposition. I myself do not know of any opposition, but the bill has been pending for some time; it was referred to the committee on May 1 but has not yet been reported back to the Senate.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Tennessee?

Mr. TRAMMELL. I yield.

Mr. McKELLAR. I wish to say that I join wholeheartedly in the sentiments expressed by the Senator from Florida. I have many letters every day, probably a score of them, from people in my State whose homes are about to be sold. They are intensely interested in this subject. I do not think that there is anybody in the country more interested in legislation than are the home owners. So I sincerely hope that this bill will not be abandoned, but that,

on the contrary, it will be passed at the earliest practicable moment.

Mr. BARKLEY and others addressed the Chair.

The VICE PRESIDENT. Does the Senator from Florida yield; and if so, to whom?

Mr. TRAMMELL. I yield the floor.

Mr. BARKLEY. I want to say that I did not hear the reading of the newspaper article by the Senator from Florida, and I do not know what the article contains; but, as I am a member of the subcommittee of the Committee on Banking and Currency, considering the home loan bank bill, I can say that, so far as that subcommittee is concerned, and so far as the full committee is concerned, there has been no discussion of abandoning this proposed legislation; there has been no intimation that it is to be abandoned; but there has been some delay in the ability of the subcommittee to get the bill ready and to report it to the full committee, largely because the members of the subcommittee have been engaged in the preparation of other important legislation and have found difficulty in attending to their multifarious duties all at the same time. However, we expect and hope early next week to report the measure to the full committee and get it reported to the Senate and put upon the calendar.

Mr. TRAMMELL. Mr. President, I am very glad to hear the statement of the Senator from Kentucky, and from it I gather the impression that the writer of the article to which I have referred was mistaken when he stated that the bill would probably be abandoned if it was stubbornly opposed.

Mr. McADOO. Mr. President, I may say, supplementing what my colleague on the committee, the distinguished Senator from Kentucky [Mr. BARKLEY] has just said, that as a member of the subcommittee dealing with this subject I can inform the Senator from Florida that the subcommittee has almost perfected this bill. I think we succeeded in putting the final touches on it this morning. There has been great difficulty in dealing with this very complex subject, and no time has been lost in trying to work it out, but many members of the committee, as the Senator from Kentucky has stated, are engaged on other subcommittees, and it has not always been possible to have meetings as promptly as we desired. I think, however, that the report of the subcommittee will go to the full committee early next week, and we hope to have the bill reported to the Senate during the same week.

A NEW MEDIEVALISM—ARTICLE BY GUGLIELMO FERRERO

Mr. BONE. Mr. President, the unhappy and somber picture presented by the present world conditions has impelled the President recently to address a communication to all the leading countries of the world. A gentleman who, I think, is an outstanding historian, Professor Ferrero, has recently prepared a very brief, lucid, and penetrating article dealing with world conditions which I think is as fine a bit of writing dealing with that matter as I have seen in many months. I ask unanimous consent that it may be inserted in the RECORD. It is very brief.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, May 17, 1933]

A NEW MEDIEVALISM

By Guglielmo Ferrero

GENEVA.—Happily there are still the Jews in the world! They, at least, scream and struggle when they are flayed alive.

For 15 years the world has been full of horrors. On all sides there is massacre, pillage, deportation; scaffolds are erected, prisons are filled, and entire peoples are reduced to a state of slavery. No one is moved; no one even knows about it.

Millions have been spent on laying cables across the earth, wireless telegraphy has been invented, we can telephone from one continent to another. Newspapers spend fabulous sums in order to have the latest news. And never as at the present time have the free peoples so completely ignored the violence to which the enslaved peoples are subjected. It is a silent strangling of all liberty.

In certain countries of old civilization the inquisition has been restored, the liberty to think, speak, or print suppressed; savants, professors, and journalists have been reduced to the rank of salaried agents of force. In what free country have the savants,

professors, and journalists been moved? How much have they exerted themselves, even to merely sign a protest? It seems that the liberty of others is a matter which concerns no one.

In certain countries it is religion, in others science, which is persecuted. Many thousands of young men languish in the prisons of Europe because they wished to pray to God or study and judge the world according to the free aspiration of their own souls. The world does not even know. The churches are as indifferent as the universities. The tribunals of the countries under dictatorship are highly perfected machines; they massacre in silence.

The world seems to have no more sensibility or conscience. The indifference to liberty of the free countries is one of the most alarming phenomena of our epoch. After allowing 10,000,000 men to be butchered for liberty in the Great War, France, England, and the United States look on unmoved while tyranny takes possession of nearly all countries. Sometimes they even encourage it with their imprudent sympathy.

Germany would also have been trampled on and stained with blood by despotism, without the world perceiving it, had not Hitler conceived the idea of attacking the Jews. In this case, happily, a dictatorship has for the first time come into collision with a race and a religion capable of resistance. May this reaction be welcomed by all free men as a sign of hope.

Once more the Jews will have suffered for themselves and for humanity. Their cries of rage and pain have partially awakened the West. And it begins to ask:

"But what are these dictatorships which render possible persecutions of which only the Middle Ages were capable?"

Let us hope that the West is not about to relapse into its cowardly somnolence. On the day when the West asks itself seriously where the world is going it will perceive that this persecution of the Jews is not the only medieval barbarity which is reviving in the war-devastated world. There are others not less grave. It is time to perceive them and be moved by them. For little by little we are unconsciously sinking into a Middle Age far worse than the first, for it will be a Middle Age with nitroglycerine.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

NOMINATION OF CHARLES E. JACKSON—NOTIFICATION TO THE PRESIDENT

Mr. SMITH. Mr. President, yesterday I overlooked asking that the President be notified of the confirmation of the nomination of Mr. Charles E. Jackson to be Deputy Commissioner in the Bureau of Fisheries.

The VICE PRESIDENT. Is there objection to notifying the President of the confirmation of the nomination? The Chair hears none, and it is so ordered.

THE CALENDAR

The VICE PRESIDENT. Reports of committees are in order. If there be none, the calendar is in order.

The legislative clerk announced Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, as first in order on the calendar.

Mr. ROBINSON of Arkansas. I ask that the treaty go over.

The VICE PRESIDENT. The treaty will be passed over.

THE ARMY—GEORGE SHERWIN SIMONDS

The legislative clerk read the nomination of George Sherwin Simonds to be major general in the Army.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

JAMES FULLER M'KINLEY

The legislative clerk read the nomination of James Fuller McKinley to be The Adjutant General.

Mr. TYDINGS. Mr. President, I do not want to take the time of the Senate today, but I do think that there is a state of facts which the Senate ought to have in connection with a motion to confirm the nomination of General McKinley. I have nothing personal against General McKinley,

but I do not think there are enough Senators present this afternoon to consider the matter; and I will ask that it go over until Monday, when more Senators shall be here.

The VICE PRESIDENT. The nomination will be passed over.

FURTHER ARMY NOMINATIONS

The Chief Clerk read sundry nominations of appointments in the Regular Army, appointments by transfer in the Regular Army, and promotions in the Regular Army.

The VICE PRESIDENT. Without objection, the nominations are confirmed.

THE NAVY

The legislative clerk read sundry nominations of promotions of officers in the Navy.

The VICE PRESIDENT. Without objection, the nominations are confirmed. That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until the conclusion of the proceedings of the Senate sitting as a Court of Impeachment on Monday next.

The motion was agreed to; and (at 2 o'clock and 5 minutes p.m.) the Senate, as in legislative session, took a recess until the conclusion of the proceedings of the Senate sitting as a Court of Impeachment on Monday, May 22, 1933, the hour of meeting of the Senate sitting as a Court of Impeachment being 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 20 (legislative day of May 15), 1933

SECRETARY IN THE DIPLOMATIC SERVICE

Hooker A. Doolittle, of New York, now a Foreign Service officer of class 5 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

FEDERAL TRADE COMMISSIONER

Ewin Lamar Davis, of Tennessee, to be a Federal Trade Commissioner for the term expiring September 25, 1939, vice Charles W. Hunt.

COMPTROLLER OF CUSTOMS

Arthur A. Quinn, of New Jersey, to be Comptroller of Customs in Customs Collection District No. 10, with headquarters at New York, N.Y., in place of Arthur F. Foran.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 20 (legislative day of May 15), 1933

FEDERAL EMERGENCY RELIEF ADMINISTRATOR

Harry L. Hopkins to be Federal Emergency Relief Administrator.

APPOINTMENTS IN THE REGULAR ARMY

George Sherwin Simonds to be major general.
Claude Ernest Brigham to be Chief of the Chemical Warfare Service.

Edward Croft to be Chief of Infantry.
Alfred Theodore Smith to be brigadier general.
Francis Lejau Parker to be brigadier general.
Pegram Whitworth to be brigadier general.
Sherwood Alfred Cheney to be brigadier general.
David Lamme Stone to be brigadier general.
Edgar Thomas Conley to be Assistant The Adjutant General, Adjutant General's Department.
Albert Ernest Truby to be Assistant to the Surgeon General, Medical Corps.
Creed Fulton Cox to be Chief of the Bureau of Insular Affairs.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Capt. Paul Shober Jones to Judge Advocate General's Department.
Capt. Eugene Ferry Smith to Judge Advocate General's Department.
First Lt. George DeVere Barnes to Quartermaster Corps.

PROMOTIONS IN THE REGULAR ARMY

Michael Charles Grenata to be captain, Corps of Engineers.
 Arthur Layton Cobb to be first lieutenant, Field Artillery.
 Benjamin Beckham Warriner to be lieutenant colonel, Medical Corps.

William Dey Herbert to be lieutenant colonel, Medical Corps.

Eugene Milburn to be lieutenant colonel, Dental Corps.

Lowell B. Wright to be lieutenant colonel, Dental Corps.

Harry Morton Deiber to be lieutenant colonel, Dental Corps.

James G. Morningstar to be lieutenant colonel, Dental Corps.

George Jefferson McMurtry to be chaplain with the rank of major.

APPOINTMENT IN THE OFFICERS' RESERVE CORPS

GENERAL OFFICER

Alvin Horace Hankins to be brigadier general.

PROMOTIONS IN THE NAVY

To be captain

Randall Jacobs.

To be lieutenant commanders

John W. Roper	Byron J. Connell
Franz O. Willenbuecher	Arthur Gavin
William N. Updegraff	Andrew Crinkley
William E. Clayton	George L. Compo
John H. Cassady	William J. Graham
Thomas W. Mather	

To be lieutenants

Howell C. Fish	Wayne N. Gamet
Thomas H. Templeton	Theodore J. Shultz
Edwin R. Wilkinson	Edward W. Young

To be surgeons

Charles G. Terrell
 Howell C. Johnston

To be paymasters

Francis L. Gaffney	John A. Fields
Russell D. Calkins	Dillon F. Zimmerman
Maurice M. Smith	

To be assistant naval constructors

Philip F. Wakeman	Oscar M. Browne, Jr.
Leslie E. Richardson	Robert E. Perkins
Howard R. Garner	Robert T. Sutherland, Jr.
Harold M. Heiser	Harry W. Englund
Stanley M. Alexander	Marvin H. Gluntz

To be chief carpenter

Harold S. Hamilton.

To be chief pay clerk

William F. Bogar.

HOUSE OF REPRESENTATIVES

SATURDAY, MAY 20, 1933

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Amid this sweet stillness, while we bow, Lord of mercy, hear us and forgive. As we live in Thy presence, so we live in Thy strength. Let this benediction of love supply a fresh reason why we should delight in Thee and acknowledge our daily blessings as Thy bountiful gifts. Heavenly Father, come with us; give us Thy guidance, that we may not indulge in intemperate speech or in pride or in willfulness. O keep our whole lives with large thoughts, fine emotions, and in fellowship with the things above. These blessings, dear Lord, will be a precious discipline against the day of friction and in the hour of humiliation. Bless all of us with good health, with the joy and peace of a good life. Amen.

The Journal of the proceedings of yesterday was read and approved.

CONTROL OF OIL PRODUCTION

The SPEAKER laid before the House the following communication from the President of the United States:

THE WHITE HOUSE,

Washington, May 20, 1933.

MY DEAR MR. SPEAKER: As the Congress is doubtless aware, a serious situation confronts the oil-producing industry. Because oil taken from the ground is a natural resource which once used cannot be replaced, it is of interest to the Nation that its production should be under reasonable control for the best interests of the present and future generations.

My administration for many weeks has been in conference with the Governors of the oil-producing States and with component parts of the industry, but it seems difficult, if not impossible, to bring order out of chaos only by State action. In fact, this is recognized by most of the Governors concerned.

There is a wide-spread demand for Federal legislation. May I request that this subject be given immediate attention by the appropriate committee or committees? The Secretary of the Interior stands ready to present any information or data desired.

May I suggest further that in order to save the time of the special session it might be possible to incorporate action relating to the oil industry with whatever action the Congress decides to take in regard to other industries; in other words, that consideration could be given at the same time that action is taken on the bills already introduced and now pending in committee.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

HON. HENRY T. RAINEY,

Speaker of the House of Representatives,

Washington, D.C.

Mr. MARLAND. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes on the subject of oil.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I have not objected to this request, but I shall be compelled to object to any other request for time to discuss matters foreign to the two matters we have up today. We want to get through with this general debate today on the banking bill.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. SNELL. Does the gentleman expect to bring up the program he referred to yesterday?

Mr. BYRNS. Yes. The first matter under consideration will be the rule relating to the Agricultural Institute, and then it is expected that a rule relating to the banking bill will be taken up for consideration. We are very anxious to conclude the general debate on the last bill today, so that we can take it up under the 5-minute rule on Monday and complete it. I do not know that anybody is going to ask for time to speak, and I make this statement in advance. I shall be compelled to object to any further requests for time.

Mr. WOODRUM. Mr. Speaker, I call the gentleman's attention to the fact that yesterday it was tentatively agreed that my colleague should have permission to ask unanimous consent.

Mr. BYRNS. Oh, I have no objection to giving unanimous consent in the case referred to, which I recall; but I shall object to anyone who desires to make a speech.

Mr. MARLAND. Mr. Speaker, I am presenting today a bill which is the result of many weeks of effort by the Government and the oil industry to atone for the crime of the century, the despoliation of the oil fields of this country through the lack of technical knowledge of some and the greed of other producers, causing the waste of that great natural resource. Since the geology of petroleum has become better-known, the oil-producing States have recognized this waste and have passed conservation laws to protect their oil resources. The present Interstate Commerce Act interferes with the proper operation of the State conservation

laws and permits the shipment in interstate commerce of oil produced in violation of those laws. The purpose of this bill is to aid and assist the oil-producing States in enforcing those laws intended to prevent both physical and economic waste.

The greatest problem confronting the petroleum industry today lies in the fact that, while the market demand for crude petroleum in the United States is very large, the State of California alone can produce the amount required; the State of Texas alone can produce the required amount; the State of Oklahoma alone can produce the required amount at the present time and for a short space of time. The resources of Venezuela, Rumania, Russia, and Iraq are each of them capable of satisfying this demand without any assistance from other fields.

Continued uncontrolled production will mean closing many fields in other States, destroying hundreds of thousands of small wells whose ultimate production will be greater than the total ultimate production of the 30,000 wells whose open flow is now destroying the market for the 300,000 older wells. These wells with settled production represent the most valuable known petroleum resources in the country and must not be destroyed.

To assist the States in carrying out the purpose of their conservation laws, Congress should authorize someone to act as umpire between these various States who after consultation with the authorities of the several oil-producing States might allocate to each of the oil-producing States its fair share of the general market, in this way protecting the correlative rights of the oil-producing States in the enjoyment of a common market. For the purpose of protecting our oil fields in this country, Congress must also limit the amount of oil that can be brought into our market from foreign countries.

No dictator is provided in this bill whose purpose is "to preserve and protect the correlative rights of the oil-producing States and to assist them in the proper enforcement of their oil-conservation laws." The Secretary of the Interior is given power to act in conjunction with State officials in order to protect these correlated rights.

After setting forth the emergency nature of this legislation and its limit to 2 years from the date of enactment, the bill declares that it is the policy of Congress to protect the Nation's oil supplies for present use and future necessities, for the national defense, and to prevent waste in their production and marketing in excess of the reasonable market demand or in violation of the laws of the producing State. This bill also declares it unlawful to deliver or receive for transportation in any manner any natural gas, petroleum, or petroleum products produced or withdrawn from storage in excess of the market demand determined by the Secretary of the Interior or in violation of any of the laws of the producing State.

No crude petroleum or its products may be imported, under this bill, into the United States without a certificate from the Secretary of the Interior stating that such crude petroleum or its products are imported in accordance with regulations concerning the market demand, provided that so long as the United States has the capacity to produce sufficient crude petroleum to supply the Nation's consumption demands and its export trade, the Secretary is directed to limit petroleum imports to the daily average during the last 6 months of 1932. Imports under bond for the purpose of exporting after processing or refining in this country are exempted from this provision.

Allocations to the oil-producing States of their equitable proportions of the total market demand are to be made by the Secretary of the Interior in order to protect the correlative rights of the oil-producing States. Where any State fails to accept the amount determined as its equitable proportion of the Nation's production, the Secretary is authorized to appoint an emergency committee, representative of the public interest in such State, to prorate equitably the State's production to pools, areas, or common sources of supply. In case such a committee cannot agree, the Secretary himself may establish these production allowables.

The Secretary is directed in order to prevent the premature abandonment of wells of settled production to establish a minimum price no less than the average costs of such wells and in determining when such abandonment would be premature is directed to take into consideration the interests of the purchasing and consuming public and the oil industry as a whole.

The investigation of any monopolistic practices, investigation of the feasibility of divorcing pipe lines from affiliated refineries or holding companies, devising practical means for attaining such divorce and initiation of rates and regulations on transportation and storage, the establishment of minimum rates of pay after conference with employers and employees, power to seek mandatory or other injunctions against violators, recommendations to the States that they enact uniform conservation laws, including control of drilling and producing, retention underground of crude petroleum whose production would be in excess of the market demand, equitable apportionment to owners of a common source of oil and authorization for unit operation are other provisions set forth in the bill.

A tax of 50 cents per barrel in addition to all other taxes is levied upon all petroleum produced in excess of the market demand as established by the Secretary. A tax of one fourth of a cent per barrel is levied upon all petroleum produced in accordance with the market demand, the proceeds of this tax to be used in providing funds to meet the expenses incurred in enforcement of the measure.

Fines from \$1,000 to \$5,000 with imprisonment of 1 year to 5 years are provided for individual violators of this act, while corporations violating it are to be subject to fines from \$5,000 to \$10,000 for each day of such violation.

The bill is the result of many weeks of work in the Interior Department, after the hearings held before the Secretary of the Interior, at which the Governors of the oil-producing States were represented, and after many consultations with oil men representing all branches of the industry. The bill was finally prepared by the Solicitor for the Interior Department and introduced by me yesterday at his request. It is intended to preserve the petroleum industry from total collapse. That industry is now losing at the rate of a million dollars a day in its various branches.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. MARLAND. Yes.

Mr. HASTINGS. What is the average price of oil now in the Oklahoma-Texas field?

Mr. MARLAND. Oil is selling today in Texas, Oklahoma, and Kansas for 25 cents a barrel.

Mr. HASTINGS. The gentleman is an experienced oil man. About what does it cost to produce oil in that field and under those circumstances?

Mr. MARLAND. The average cost of production in the midcontinent field of the United States is figured at \$1.07 per barrel.

Mr. HASTINGS. So that there is a loss of 82 cents a barrel?

Mr. MARLAND. Yes.

Mr. FORD. Is that price paid for oil due to the fact that there is an overproduction or to the fact that the oil companies, the big crowd, own and control the pipe lines and can pay any price that they want to pay?

Mr. MARLAND. That is a double-barreled question. So far as overproduction is concerned, it is not the result of actual overproduction so much as it is the result of the threat of overproduction. As to the second part of the question, the pipe-line companies or their purchasing companies do post the price of oil and control the price of oil at the well. There are thousands of producing and refining companies in this country that will go to the wall this summer if Congress does not take some action at this special session to stop the racketeers and the bootleggers in the petroleum industry. The oil-producing States in the mid-continent field have passed sane, fair, well-considered legislation to conserve their oil resources, but those States are helpless to protect themselves against the racket of

unlawful production of oil and the shipment of that illegally produced oil in interstate commerce.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

Mr. MARLAND. Yes.

Mr. DUNN. Does the gentleman know how much oil is shipped in from foreign countries at the present time?

Mr. MARLAND. At the present time approximately 150,000 barrels a day.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. MARLAND. Yes.

Mr. WEIDEMAN. So that the Members may understand the terms the gentleman uses I wish he would tell us just whom he includes in the bootleggers and racketeers, so that we can follow his argument.

Mr. MARLAND. Any producer of oil, large or small, that produces oil in violation of the laws of the State in which he is producing. All of the racketeers are not small producers.

Mr. SNYDER. Will the gentleman yield?

Mr. MARLAND. I yield.

Mr. SNYDER. The gentleman spoke of the oil-producing States. Does he include Pennsylvania in that?

Mr. MARLAND. I do.

Mr. SNYDER. Does it cost more to produce oil in the State of Pennsylvania than it does in Oklahoma?

Mr. MARLAND. Undoubtedly.

Mr. SNYDER. Is it a higher grade oil and does it sell for more than it does in the gentleman's State?

Mr. MARLAND. Yes.

Mr. SNYDER. Is the racketeering going on in our State of Pennsylvania the same as in the gentleman's State?

Mr. MARLAND. I cannot speak advisedly on that. I think not.

Mr. SNYDER. Is there a sufficient duty on oil being shipped from foreign countries to prevent that shipment into the United States?

Mr. MARLAND. That question is not in this bill. I think the duty is not sufficient to protect the Pennsylvania oil fields.

The purpose of this bill is to aid and assist the oil-producing States in enforcing their conservation laws passed to prevent the waste of this irreplaceable natural resource. The people of the United States are widely interested in this subject. A continuation of uncontrolled production of oil in flush fields will mean the closing of 300,000 small wells in the United States. Those old small wells are a great national asset. The old wells of the State of Pennsylvania are a great asset to this Nation. The ultimate yield of oil from the 300,000 small wells in the United States will be vastly greater than the yield from the 30,000 or 50,000 flush wells in the United States. The small wells, therefore, must not be destroyed.

No one with knowledge of the subject can predict at this time, with any degree of certainty, the amount of our national petroleum resources, or how soon the time will come when every barrel from these small wells will be needed. Anyone versed in geology of petrolium will tell you that all wells in the United States at present existing will be incapable in 3 years from this time of producing an amount of oil sufficient to meet the then current demand. Of course, we will probably discover new fields before the exhaustion of these old wells, and I do not look for a shortage of oil for many years to come. But some day that shortage is coming, and this country should take steps immediately to preserve this great natural resource.

The bill I have introduced, as I say, is the result of the work of the Interior Department. It represents many weeks of earnest study and consultation. I hope it will be possible to hold hearings immediately on this bill and have it reported out for consideration and passage by this House during this special session. If that is not done, a great majority of corporations in the petroleum industry will fail before this summer is over and an irreplaceable natural resource will be lost.

Mr. BAILEY. Will the gentleman yield?

Mr. MARLAND. I yield.

Mr. BAILEY. I understood the gentleman to say that the purpose of this bill was to aid the State in conserving the oil?

Mr. MARLAND. That is right.

Mr. BAILEY. Is it not a fact that the purpose of this bill is to oppose the State of Texas in the exercise of its power to govern oil production in this State?

Mr. MARLAND. The purpose of this act is to protect the relative rights of the oil-producing States. The State of Texas needs protection itself from imports from Venezuela, Rumania, and Mesopotamia.

Mr. BAILEY. But it is a fact, is it not, that the oil industry is opposed to the order which the constituted authorities of the State of Texas have issued permitting production from the east Texas field?

Mr. MARLAND. The oil interests?

Mr. BAILEY. The oil industry and the oil men.

Mr. MARLAND. I think there are very few oil men who at this time seek to violate the orders of the Railway Commission of Texas.

Mr. BAILEY. But the gentleman did not answer my question. The order of the Railroad Commission of Texas permitted a total production of 750,000 barrels from east Texas. That is the thing which the oil industry is after suppressing, is it not?

The SPEAKER. The time of the gentleman from Oklahoma [Mr. MARLAND] has expired.

MARKETING OF APPLES AND PEARS

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 4812) to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. ROBERTSON]?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, why should a bill of this kind come up in this way out of order? I cannot understand the reason for it.

Mr. ROBERTSON. If the gentleman will permit me to explain, I will tell him why. This will be very helpful—

Mr. BLANTON. Has the President of the United States sent this bill here and asked that it be passed?

Mr. SCHULTE. Mr. Speaker, I object.

INTERNATIONAL INSTITUTE OF AGRICULTURE, ROME, ITALY

Mr. POU. Mr. Speaker, I call up the resolution, H.Res. 149.

The Clerk read as follows:

House Resolution 149

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 149, authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, and all points of order are hereby waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BLANTON. Mr. Speaker, this is a very important matter, and I make the point of order that there is not a quorum present. I think there should be a quorum present.

Mr. BYRNS. If the gentleman will reserve his point of order, I asked that the House meet at 11 o'clock today with the express promise to the House that we would take up these two rules and try to conclude general debate upon the banking bill. If the gentleman is going to make a point of order

of no quorum and take 30 or 40 minutes to call the roll, we will have to stay here that much later tonight.

Mr. BLANTON. I want to say to my friend that he knows he is my leader and I follow him, but I cannot follow him on something that is uneconomical and unsound.

Now, what is the use of debating an important matter like this with only about 120 Members present, when the ones now absent are going to have to vote on it after a while and will not know anything about what they are voting on?

Mr. BYRNS. Mr. Speaker, I am sure the Members will be here.

Mr. BLANTON. Mr. Speaker, the gentleman from Tennessee has a way of getting them here without a roll call, and with his assurance that he will get them here, I am content. So I am still following my leader and withdraw the point of no quorum.

Mr. KVALE. Mr. Speaker, will the gentleman yield for the submission of a unanimous-consent request?

Mr. POUL. Mr. Speaker, I yield for that purpose only.

CONGRESS—THE NATION'S SCAPEGOAT

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my remarks by incorporating therein an article which appears in Scribners for June of this year entitled "Congress, the Nation's Scapegoat," written by a former Member of this House in defense of the House, Hon. F. H. LaGuardia.

Mr. MARTIN of Oregon. Mr. Speaker, I object.

Mr. BLANTON. I hope the gentleman from Oregon will not object.

Mr. KELLER. The article ought to be printed.

Mr. BLANTON. This is from our good friend LaGuardia, and is the first time a kind word has been said for Congress in a long time.

Mr. MARTIN of Oregon. What is the nature of the article?

Mr. KVALE. It is an article in defense of Congress and its procedure, showing the pressure that comes upon the Membership of this House from all kinds of agencies.

Mr. MARTIN of Oregon. I understand the RECORD is reserved for speeches of present Members, not past Members.

Mr. KVALE. I hope the gentleman will not object.

Mr. BLANTON. I hope the gentleman will let it go in. It is the first kind word Congress has had in a long time.

Mr. MARTIN of Oregon. Let me see the article. Mr. Speaker, I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following article written by F. H. LaGuardia, of New York:

It has been my lot for the past 20 years to come to the defense of the persecuted. Invariably that meant being in a minority. It would seem, therefore, in keeping with that record, that it is timely and proper for me to come now to the defense of Congress. Congress may not be half as good as I believe it to be—certainly it is not one tenth as bad as Wall Street says it is. The drive—and it was a drive—against Congress and the well-planned, systematic, organized attacks upon it were initiated by minority groups who for a long time had been the recipient of favored legislation, the beneficiaries of legalized exploitation, the promoters of inequitable laws. The abuse of and antagonism to Congress were started by the financial interests concentrated on the lower tip of Manhattan Island. They soon became contagious. The whole country for several months has been heaping abuse upon its own chosen representatives.

Only representative government is suitable to the American people. They are not adapted to any other kind of government. Countries that have never had or have been deprived of representative government have a full appreciation of the benefits and necessity of a Parliament or Congress. There has been great clamor recently on the part of moneyed interests for a dictatorship. Extraordinary powers granted to the President in our country can be only occasional and temporary. A dictatorship simply could not endure. Even though an American dictator were superhumanly perfect and infallibly wise, there would be no stability or continuity of rights. If a dictator is despotic, the masses will revolt; if he is unduly benevolent, the classes will resist. It is not benevolence that the American people seek, but the enforcement of legally established rights.

The framers of the Constitution might have failed in detailing the necessary regulation of an involved industrial system, which at the time did not exist and which was then beyond contempla-

tion. They did know human nature—the virtues and vices, the weaknesses and frailties of mankind. They provided as perfect a form of government as imperfect human beings could live under. They visualized an enormous population growth in this country and provided a form of government as nearly democratic as was possible in a country of extensive territory and for a nation of millions of people. Most reformers of economics are constitutional fundamentalists. Representative government is not suited to a small class who would own all the property and money and control the destinies of a country. Representative government controlled by the people will not indefinitely tolerate exploitation of the workers, concentration of wealth, and mass poverty. Economic security for all willing workers is a necessary concomitant with political freedom and individual liberty guaranteed by our Constitution. The Constitution created Congress. Its powers are well defined. Abuse of Congress is the privilege of every free American citizen. Criticism and abuse of a dictator would not be tolerated. Suppression of opinion is the first restriction the American people would feel.

Naturally, Congress has its faults. It often takes time to enact legislation. Long-drawn-out debates and discussions are the rule. An impartial review of the legislative history of this country will disclose that a great deal of vicious legislation has been defeated by what might at the time have seemed unduly protracted debates. It will also be seen that the greatest mistakes have been made when legislation was jammed through without proper and complete debates and discussion, under the pressure of unexpected emergencies. I fear some of the recently enacted legislation may prove that way.

Congress is a representative body. It is but natural that there should be every shade of thought and viewpoint in that body. That is what makes it representative. Every section of the country has its local interests. It is quite in keeping with proper representation to seek to reconcile, as far as is compatible, local interests with national legislation. Nothing short of complete hearings on all sides of a subject before committees, followed by full debate in the House and Senate, would enable final adjustment and compromise on legislation for a country of such magnitude and diversified interests as ours.

Lobbying has been going on from the first session of the first Congress. In all likelihood it will continue. There are different kinds of lobbying. Some are quite legitimate. Of the illegitimate lobbying I would say it has very little direct influence on Congress. Many State legislatures have enacted antilobbying laws when activities became too brazen and disreputable. At one time we had an epidemic of antilobbying bills pending in both Houses of Congress. I doubt if such laws really are effective. They do not hurt the faker and do not deter the rogue. A lobbying law will no more prevent lobbying than prohibition prevented drinking. The vicious lobbyist will always work under cover and he knows how and what contacts to make. Such lobbyists seldom make contacts directly with Members of Congress. So-called "big lobbyists" do not operate in Washington. Their approach is through the political boss back home. It is in this way that a legislator is very often "delivered." He may be entirely innocent, though not alert. If he is up to his job and legislates according to his judgment and conscience, nothing of the sort can be put over on him. A thoroughly honest but politically weak legislator who would indignantly spurn the suggestions of a lobbyist might willingly accept the ostensibly friendly advice of a political boss. Our political system is at fault—not Congress as a constitutional institution.

Many lobbyists receive big fees. Disclosures by a United States senatorial investigation committee some time ago revealed huge fees received by men whose names were not known to the vast majority of Members of the House and Senate. Their dealings were with the "big shots" of political parties. In the case of the sugar lobby—with the "very big shots."

Then there is the secret or implied obligations assumed by political parties. Just before election when resolution committees of political parties are formulating platforms, their financial committees are seeking contributions. It can safely be said that large contributions are generally given with the expectation of returns in some form or another. The big contributor to political campaigns makes it his business to see to it that his contribution is made through the right contact man. Perhaps nothing is said at the time the contribution is made. Later when legislation is pending that affects that contributor, the former acquaintance is renewed, the subject discussed, obligation recalled, and desired results obtained. This is true of both parties.

The control of national legislation by predatory interests began to slip after the ratification of the seventeenth amendment to the Constitution. The popular election of Senators made it difficult for special interests to control Congress. Since then these same interests which became powerful and rich through special legislation and for many years were able to check social, welfare, and progressive laws, commenced their attacks on Congress and have kept it up ever since. The attacks cease only during those periods when crises demand legislation. As soon as the legislation is obtained, the attack is renewed and a howl is heard for Congress to adjourn, go home, and "give business a chance."

Congress was directly blamed by members of the New York Stock Exchange in their circulars, letters, bulletins, and in paid advertisements for the decline of stock and security prices. Yet the greatest decline took place during the time that Congress was not in session. In the same breath in which the very men responsible for the bank crashes, security frauds, and tax evasions

were abusing Congress, it was necessary for the President to call a special session of Congress to provide relief for them. When Congress authorized the issuance of currency and provided emergency measures to meet the banking situation, it was all hall to Congress. At the moment of this writing, when Congress is struggling with farm relief, the same bankers, stockbrokers, bond mongers, and floor traders are shouting for Congress to adjourn and denouncing all farm-relief measures as demagogic, unsound, and disastrous.

The Government is no longer something mysterious, distant, and impersonal. A long period of public education has been slowly taking effect. Economic necessity has hastened the process. The people have learned that the Government is in their control. The people have learned that the Representative in the House is there to reflect the views of his neighbors back home and that their Senator is there to reflect the viewpoint of his State. They demand contact with their representatives and information as to the activities of Congress.

Recently there has been coined the phrase "organized minority." This phrase was coined by qualified experts who themselves actually are an organized minority. Much has been said about the power of minority groups and of the weakness of Congress in submitting to the demands of organized minorities. Veterans' legislation is constantly cited as an example of the power of an organized minority. When veterans' legislation was enacted, it was at the demand not of a minority group but of an overwhelming majority of the American people. When this majority abandoned the veterans or left the veterans to themselves and asked Congress to change existing laws in order to reduce expenditures for allowances theretofore authorized to veterans Congress responded immediately.

The actual situation of the so-called "organized minority of veterans" can be easily analyzed. It was not a minority. The average congressional district is composed of about nine counties. There are but 65 Members of the House out of 435 whose districts are entirely within city limits. It is true that the number of veterans of the World War constitutes but a small percentage of our entire population. Yet let us look at the situation. There are thousands of veterans' posts scattered throughout the United States. There are 5 or 6 national veterans' organizations and hundreds of local service organizations. These posts are in every city, town, and village in every county of every State. The veteran is not clannish—the organizations are not exclusive. Veterans are very active in their communities. "Nothing is too good for the veterans" was the slogan of the nonservice people and adopted as a national policy. The veterans' interest became the people's interest. During that period of 5 or 6 years when most of the veterans' legislation was enacted, everybody at home was for it. There were no protests. On the contrary, from every city, town, village, and hamlet came resolutions from patriotic, civic, social, fraternal, religious, and every other kind of organizations; yes, and from business associations, and also from boards of aldermen and town councils and city officials and even from State legislatures, urging the passage of the legislation for veterans which Congress was considering. It was not the result of the activities of a minority group at all—it was Congress in its representative capacity carrying out the almost unanimous demands of the American people.

Later, there came strong protests against the immediate cash payment of the bonus. The veterans were then in a minority and the cash bonus bill was defeated during the first session of the Seventy-second Congress. As long as public opinion remains against it, there will be no such legislation.

I have also heard it said that prohibition was brought about by an organized minority. I doubt that. The fight for prohibition had been going on in Congress for over 20 years. During that period State after State had adopted State-wide prohibition. Delegations from dry States voted for national prohibition. As the number of States in the dry column having State-wide prohibition increased, likewise the number of votes in the House and Senate increased, until the number grew to the necessary two-thirds vote. I know, for I was in a lonesome minority in the early days of my opposition to prohibition and my legislative efforts for the repeal of the eighteenth amendment. The change of national sentiment on prohibition was gradual. It took 10 years, five Congresses, from the time when I first exposed corruption, graft, waste of public funds, and even murder in the course of prohibition enforcement, when I was jeered and sneered at by the overwhelming majority of my colleagues in the House, to the time when the resolution calling for the repeal of the eighteenth amendment was passed with a safe majority over the necessary two-thirds vote, after only 40 minutes' discussion in that same House. It was necessary to undergo these years of trial before a large number of sincere American citizens who really believed in prohibition was convinced that as a national policy it was a failure and that as a national law it could not be enforced. When the majority of the American people realized that, their viewpoint was immediately reflected in the House of Representatives and in the United States Senate. It was not a wet minority group that brought about this change. There may be at this writing a wet minority group that will again become active in seeking to prevent proper supervision and regulation of the liquor traffic. That same minority might seek again to reinstate the liquor interests in politics and reestablish conditions of old. It cannot succeed. If it should be partially successful, public opinion of the majority would curb such activities and again the lid of prohibition would be clamped on.

The dwindling power of strong lobbies may be seen in the waning influence of the Manufacturers' Association. This association is a great organization composed of manufacturers throughout the country. In former times, when this organization or its predecessors made demands upon Congress, it generally got them. Its power is becoming less each year. It did have an isolated victory in the last tariff bill enacted in the Seventy-first Congress. That organization has written its last tariff bill. It could not now permanently block any piece of beneficial legislation. As a minority it is fighting national child labor laws. That fight is not over. The child-labor amendment to the Constitution will be eventually ratified in spite of the present setback. While I have heard the lobby of this organization severely criticized, its activities in Washington during the last 14 years have been within the realm of propriety as far as I have been able to observe. For many years it was able to defeat the anti-injunction law curbing the abuse of the Federal courts in labor disputes and ending the use of the so-called "yellow dog" contract. In 1932 when a bill was finally perfected upon which all elements of the labor movement agreed and lawyers were convinced of its constitutionality, all efforts of the Manufacturers' Association were futile.

A great deal has been said in metropolitan newspapers about the farm lobby and the farm bloc. The present plight of the farmers—and the lack of legislation favorable to them—is the complete proof that to date there has been no undue influence on Congress either by a farm bloc, farm groups, or any organized minority. Up to a few years ago concerted action by the farmers and their Representatives, owing to conflicting interests, seemed impossible. The politicians and the commodity exchanges skillfully utilized this conflict and for a long time were able to keep the farmers divided among themselves and the city Representatives aligned against all farm legislation. It would seem incredible to any student of economics that up to only a year or two ago Representatives from city districts opposed farm legislation on the ground that it would "increase the cost of living," these same Representatives and their predecessors for generations having sponsored high tariffs. Then again, along the fringe of every farm community there are the wholesalers, jobbers, and persons under the domination and control of city interests who thrive on the exploitation of the farmer. The worst enemies the farmers have had in the American Congress are the individuals here and there representing grain or cotton sections who, through their home connections, were in one way or another under the influence of the cotton exchange, the grain exchange, or the ticker broker.

The four great national farm organizations have enlarged and are constantly improving their organizations. While perhaps they might have taken active parts in bitterly contested local elections, from my observation the activities of their representatives in Washington have always been carried on with dignity, propriety, and I would say helpfulness to the legislator who wanted accurate facts. True, several farm relief bills have been passed; but it must be remembered that they have always been modified, weakened, and distorted through the selfish influence of the commodity exchanges, cotton and grain gamblers. A stabilization plan was first resisted and finally defeated by these influences. The cooperative-marketing plan never did have a fair trial. It was resisted, then emasculated, and finally passed. It could not be successful under the supervision of an administration following the Mellon school of economics.

Until the relation of the economic condition of the farmer to the country as a whole is understood by a majority of our people it will be impossible to restore prosperity. The farmers of our country have recently undergone a very liberal though costly education. They are no longer to be fooled. The professional politicians have lost control of them. It is to be hoped forever. If the commodity exchanges, along with the commodity gamblers, continue their ruinous policies of exploitation, there is grave danger that the farmers may take the situation in their own hands as they did a few months ago to preserve their homes against the greed of the usurers and the loan sharks. The farmers as such are in the minority as to population. It must not be forgotten that the majority of the population depends entirely for its food upon this minority. This unorganized minority must be reinforced by the thinking people of the cities. An understanding between railroad workers and farmers could in 24 hours tie up the food supply of this country. Is it fair that this important part of our population should be driven into a state of tenant peasantry, deprived of their homes, reduced to a low standard of living, and subjugated to abject misery because of the ruthless system of permitting a few parasites to gamble on the products of their toil? The farmers have had as a whole very splendid and loyal representation. These men were bucking an artificial system of distribution existing for scores of years and becoming progressively more vicious each year. Here and there a Representative from the farm districts would fall by the wayside.

I remember one who came from the Midwest as a great champion of the farmer and an exponent of farm legislation. What a voice he had. He was immediately recognized as a leader in the House. A charming personality and a forceful character, but alas, the boys from the Northeast soon saw the possibilities of this 250-pound legislator. My, my, how he was courted and taken into the folds of society. Before long as our friend would come into the reading room instead of stopping to look at the weather map to see how crops might be affected, he would make a wild dive for a metropolitan newspaper and turn to the stock-market reports. He is no longer in Congress.

When I say that organized labor has not influenced national legislation to any great extent, I know that such a statement will attract a howl of protest. Nevertheless, it is a fact. There is no better proof that Congress has not acted sufficiently or intelligently on behalf of labor than is the existing disastrous condition. Congress has met every year since the adoption of our present Constitution almost 150 years ago, during which time we have seen grow and develop a gigantic system of mechanized industry. Labor-saving devices have come upon us constantly with increased efficiency, so that now our industries can in 3 months produce more than the whole Nation can consume in 1 year. Industry is entirely mechanized and farming almost entirely industrialized. Yet, under an unpardonable misconception, Congress has permitted labor conditions to remain at a standstill while progress has been made in electricity, chemistry, mechanics, and transportation. It has been satisfied with the excuse that the Federal Government had no jurisdiction under a Constitution which was written and adopted at a time when railroads were unknown, steam not yet applied, electricity in the laboratory experimental stage, and manufacture limited to hand labor and man power.

Labor is also to blame. It was satisfied for many years to engage in local politics, and with this went along partisan allegiance and political control. In late years a most competent and able staff of legislative advisers has been brought together in Washington by the American Federation of Labor. The custom of rewarding local labor leaders with local political appointments in return for political support has been at a sacrifice to the cause of labor. But here, again, legislators have had a liberal, though costly, education through the sufferings of millions of people, through hundreds of thousands of bankruptcies and bank failures. It has finally been recognized by real leaders in thought that the only purchasing power of American industry is the American wage earner and the American farmer. During the period of gambling and speculation when the country was at the height of the stock-ticker prosperity, each year more workers were being laid off until the final crash came in 1929. When an inventory was taken, it was found that there were several million men and women unemployed. The number has increased ever since. It is now over 12,000,000. Industrial and economic conditions have woven our 48 States into one economic fabric. If the Constitution does not permit Congress to enact labor laws fixing the hours of labor in all States of the Union, providing for uniform factory regulations and supervision, minimum wage, inhibition against the employment of children (an interpretation which I will not concede), then the Constitution should have been amended long ago to permit such legislation. Perhaps someone may point to the 8-hour law and the recent Railway Labor Act as indicating national labor legislation. Correct, although both of these measures are but a tiny step in the right direction. The validity of these laws, as established by the Supreme Court, strengthens my belief that Congress, particularly in the face of a national crisis, could so legislate as to reconcile working conditions to our present mechanized mass-production system and bring about economic security to the producers of our country. In other words, adapt existing machinery to human beings instead of expecting 126,000,000 human beings to adapt themselves to machinery. We must distribute the blessings of science. We must equalize the enjoyment of progress.

Now, we come to the most peculiar and let me say the most effective form of lobbying in Washington. That lobby is not conducted by any private interest, but by two of the executive departments of the Government itself, that of the Army and Navy. It just cannot be beaten. The Navy had an effective lobby long before the Army even attempted to start its own in about 1920. I will not say that some of the complaints of the Army and Navy are not justified. For instance, the pay of the junior officers is wretchedly low. On the other hand, I will say that they invoke every possible influence to prevent legislation they consider inimical to their own interests. At creating public opinion by the subtle use of propaganda, the Navy is a past master. There is nothing they will not do from moving an entire fleet a thousand miles for the purpose of a spectacular entrance into a port at the time when legislation for additional ships is under consideration, to the turning over of the Naval Academy for the purpose of making a commercial film. Rest assured the Navy will get its message into that film while the company will take the profits from the box receipts.

The Army and Navy will play practical politics, too. A specific instance of politics might be seen in the consideration of the 1932 Army appropriation bill. Efforts were made to reduce the cost of the Army by eliminating a number of supernumerary and supernumerary officers. The Army put all of its resources to work and on a division vote in the House the amendment was defeated by a comparatively small margin. The entire Tammany delegation voted with the Army. Then, lo and behold, the Army and Navy Journal said:

"John F. Curry, the leader of Tammany Hall, paid a visit to Governors Island last week. This modest gentleman, who has risen by brains and integrity to the captaincy of the great political organization which rules New York, came and went unheralded. Commanders of the area have invited him to be their guest, but important business or social engagements prevented his acceptance. On this occasion, however, he went quietly to the island to see Capt. A. C. Purvis, whom he had had appointed to West Point. [Italics mine.] He has told his friends that he enjoyed himself, and we are glad he did so. Mr. Curry is a strong advocate of adequate national defense. He makes no secret of his

attitude nor of the fact that Tammany, under his leadership, is determined to uphold the policy of patriotism. It was that policy which, observed by the members of the society's delegation in Congress, defeated the destructive provisions by which Mr. COLLINS sought to hamstring national defense. To Mr. Curry and Tammany the country and the Army are heavily indebted." (Army and Navy Journal, May 21, 1932.)

Brains and integrity!

As if this were not enough, there appears in the issue of July 16, 1932:

"The power and independence and patriotism of that great organization known as 'Tammany' were never better illustrated than in the matter of the officers' cut. * * * It is possible to attribute this solidarity largely to the attitude of that brilliant leader, John F. Curry. * * * The Army is grateful to Mr. Curry and the Tammany representatives in the Senate and House."

This a few weeks after Judge Samuel Seabury submitted his report on the Tammany administration.

The Washington social lobby is perhaps the most insidious. Its technique is awkward, its purpose apparent. It, too, is fast losing its influence. For a time during the "cocktail era" it looked as if the social lobby were in the ascendancy and would again come into its own. Economic conditions, however, have made the people back home too alert and the social lobby is again on the decline. There is nothing the social lobby will not do to influence legislation upon subjects ranging from a special schedule in a tariff bill to the lowering of an income tax, or the restoration of the dress uniform of the United States marines. It is ever ready to wile the doubtful, entertain the weak, lionize the prominent, and cater to the influential. Sometimes there are strange results of this mixture of the social and political. Only recently at the home of one of Washington's most influential dowagers, a home that has entertained lavishly and often for many years, where many bills were put across, over demi-tasse and cigarettes, a supposedly prominent Senator from a small Eastern State was the "ranking guest." That in the parlance of the Washington parvenu means the guest of honor. The Senator was chairman of a subcommittee, having a certain bill under consideration and giving that bill the pigeon-hole treatment of slow, painless, but certain death. The Senator accepted the invitation. The right ones were invited to give the Senator the social works. Well, it so happened that at the time that particular subcommittee had several important bills before it and the chairman was much in demand. He stopped at other "conferences" before going to the affair of the evening.

The Senator was in good fettle. He displayed his most gracious and courtly manners. An invitation from this particular hostess was the certificate absolute that "one had arrived socially." "He likes it," murmured the wise ones. Dinner was announced. The "ranking guest", of course, sat at the hostess' right. The hors d'œuvres were served and the Senator was quite talkative. The soup was served and the Senator became most loquacious. Then the Senator became quite friendly, and real clubby. Placing his arms around the shoulders of his hostess he prepared to tell one of the latest and choicest of cloakroom stories. The hostess was embarrassed, the "wise ones" startled, the young ones snickered, the butler grunted, but everyone maintained dignity. Washington always does.

Congress is not faultless, it has its defects and shortcomings. It is representative of the American people. Congressional government may be at times inefficient and often wasteful. Many forms of government may be thought of as more efficient and less costly, but they are not American. Mistakes are made, experiments are tried. As mistakes are discovered and experiments proved failures, correction is rapid and certain. The Membership of Congress is human, and fortunately has a sense of humor. It is the constant target for ridicule and abuse which it has learned to absorb quickly and good naturedly. It is the people's government and it will always be as alert, as intelligent, and as constructive as the people themselves.

INTERNATIONAL AGRICULTURE INSTITUTE, ROME, ITALY

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 149, authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, and all points of order are hereby waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. WOODRUM. Mr. Speaker, the gentleman from Indiana has very kindly consented to yield for consideration of the little bill called up by the gentleman from Virginia.

Mr. SCHULTE. No; I did not. I beg the gentleman's pardon.

Mr. WOODRUM. I misunderstood the gentleman.

Mr. SCHULTE. I said to wait until we discussed some of these other matters.

Mr. WOODRUM. I misunderstood the gentleman.

Mr. POUL. Mr. Speaker, before I proceed may I say to my colleague from Pennsylvania that we do not apprehend that we will use very much of the half hour on this side, but I will yield to the gentleman the usual half hour to be used by him as he may see fit.

Mr. Speaker, this resolution provides for the consideration of House Joint Resolution 149, authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy.

I am informed that the International Institute of Agriculture is a sort of world clearing house for statistical information affecting agriculture throughout the world.

The resolution provides for general debate not to exceed 1 hour, which must be confined to the resolution; and the resolution is open to amendment under the general rules of the House.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. POUL. I yield.

Mr. SNELL. As I understand the situation, we have not appropriated for, and have not been a member of, this conference for several years, have we?

Mr. POUL. I think that is true.

Mr. SNELL. Have any dire results come about by reason of our not being a member?

Mr. BLOOM. Mr. Speaker, will the gentleman yield that I may reply to the inquiry of the gentleman from New York?

Mr. POUL. I yield.

Mr. BLOOM. We have always been a member of this Institute. We are a member at the present time. We have been appropriating money right along, but in the last 2 years we have not been appropriating as much as we did previously.

Mr. SNELL. Has it only been the last 2 years that we have not been appropriating?

Mr. BLOOM. We reduced the appropriation 2 years ago. If the gentleman is interested, and cares to have them, the figures are these:

In 1928 we appropriated \$54,340. In 1929, \$58,000. In 1931 we reduced the appropriation to \$15,260. In 1932 we reduced the appropriation to \$11,060. However, we have always been in; we have never been out.

Mr. SNELL. Have we had a representative there, and have we really gotten any benefits from this conference?

Mr. BLOOM. Yes, we have secured a great deal of benefit; and it is on account of lack of information in the last 2 years similar to that received by the Government right along theretofore that they want to go back in. We have been in since 1906, and had been in 100 percent up to 1928. Then certain things happened and we had to step out.

Mr. SNELL. What are those certain things?

Mr. BLOOM. It was regarding certain management over there at the time, certain officials. That has been changed at the request of the Government.

Mr. SNELL. Why should an agricultural conference be called in Italy?

Mr. BLOOM. As soon as I get the floor in consideration of the bill I shall be pleased to explain.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield for a question to the gentleman from New York?

Mr. POUL. I yield.

Mr. LEHLBACH. Is not the only change sought to be made in existing law by the bill which is to be made in order by this rule the creation of a \$7,000 job in Italy?

Mr. BLOOM. No.

Mr. LEHLBACH. What other change from existing law is there?

Mr. BLOOM. The change is that the party who was the representative of the United States in Italy heretofore,

receiving a salary of \$5,000 a year, was a very wealthy man, and he was spending the additional sum of money that was necessary out of his own pocket. To secure the services of the proper kind of representative over there the Secretary of Agriculture states we ought to have at least a \$7,500 a year man.

Mr. SNELL. Will the gentleman give me the right to appoint a \$5,000 man who will do the job?

Mr. LEHLBACH. With the permission of the gentleman from North Carolina, may I ask one further question of the gentleman from New York?

Mr. POUL. I yield for one more question.

Mr. BLOOM. I shall be very pleased to explain the entire matter at the time I have the floor.

Mr. LEHLBACH. I simply want to ask one more question.

Mr. BLOOM. I have not the floor at this time.

Mr. LEHLBACH. If the gentleman refuses to explain the bill, well and good, but we want to know it.

Mr. BLOOM. I have not the floor.

Mr. POUL. Mr. Speaker, I should prefer not to attempt to answer questions respecting the merits of this joint resolution, because the 1 hour of general debate will be devoted to a discussion of the merits.

The Committee on Foreign Affairs has asked for the rule providing for the consideration of Joint Resolution 149. The Secretary of State approves the passage of the resolution.

This institution is a great clearing house of statistical information, and it looks a little bit cheap for the United States of America to refuse to participate.

Mr. Speaker, I reserve the remainder of my time and yield 10 minutes to the gentleman from Iowa [Mr. WEARIN], who has had experience with this Institute and will give the House first-hand information.

Mr. WEARIN. Mr. Speaker, I am not going to take very much time this morning, but I did listen with a good deal of interest to the remarks that were made yesterday concerning this project, and I will be frank in saying I do not think it should degenerate into a petty quarrel here on the floor of the House on the part of anyone. I happen to have had a little first-hand experience with this particular project as related to the various nations of the world some time ago.

I may say also in answer, probably, to a premeditated question, that I was not over in Europe at the expense of the Federal Government, either. I was over there on my own hook. I was over there for the purpose of securing information, which I was able to secure partly through the agency and the assistance of the International Institute of Agriculture.

The question was asked a moment ago by the distinguished leader of the minority as to why this agricultural conference should be held in Rome or why it is located there. There is a reason for this. The institute was founded back about 1905 by a certain David Lubin, of California. He had previously urged upon the United States that the institution be established in Washington under the supervision and with the assistance of the distinguished Secretary of Agriculture from my State, Tamm Jim Wilson, but the United States did not see fit to set it up at that time. However, the King of Italy, King Victor Emmanuel, did see some advantages in the establishment of an institution of this kind, and under his auspices and with his assistance David Lubin brought into being the International Institute of Agriculture, in Rome.

I am making these statements simply because I think the House should have a little information on this subject before they vote on it. Whether you vote for it or against it is your privilege, but you ought to know something about the International Institute of Agriculture.

Now, what is it doing? It is not a junket. It is not sending somebody over there on a summer vacation. I would not go over to Italy and live in Rome and be the representative of the United States Government at the International Institute of Agriculture for \$15,000 a year, but I will say that I think we ought to have a man over there; and if we can

get him to go over there, we should participate in this organization because it is valuable from a lot of standpoints.

In the first place, it is gathering some information that is more valuable to individual farmers than the average farmer realizes. I am living on an Iowa farm, and consequently I feel I speak with a little authority and a little interest in this project. I want to say to you that they are gathering information of an extremely valuable nature. No Member of this House, I dare say, realizes that much of our present farm-loan system in the United States was drawn from observations of David Lubin from the experiences of other countries through the agency of the International Institute of Agriculture.

Mr. GREEN. Will the gentleman yield?

Mr. WEARIN. Not until I have finished my statement.

Another very interesting development with respect to this particular project is the matter of trade relations and the movement of products. This institution is interested in gathering information upon the amount of farm products that are being produced in certain countries and determining where they can be transported for the purpose of disposing of surpluses. In other words, people who are interested in the domestic allotment bill on the floor of this House ought to be interested in this institution for the reason they are working in the same general direction.

I am not authorized to speak for the President of the United States, and I would not attempt to do so; but I will venture the suggestion upon my own authority that it may be possible Mr. Roosevelt is looking upon the International Institute of Agriculture with the thought he can use it in his program of developing our reciprocal trade relations with the rest of the world.

I think that is possible. Now, another very valuable contribution that is of interest to many is the matter of the discovery of diseases dangerous to agricultural products, and the prevention of the movement of these diseases from one country into another, and the means to prevent it.

Now, I cannot but feel, Members of the House, that the problem of agriculture—and I speak, as I say, from the standpoint of one interested in agriculture on the basis of being a farmer—I cannot help but feel that agriculture is a problem of international importance and that we are never going to be able to solve it solely in the United States—that it is going to be solved only through the readjustment of trade relations with the rest of the world, and through an agency of this kind. Now I will yield to the gentleman from Florida.

Mr. GREEN. We have trade commissioners representing the Government in different countries, and it seems that they could get the information that may be promulgated there. And further than that, if the information is worth while, it seems to me that we could save this \$40,000 that we are going to put out for this purpose.

Mr. WEARIN. I am glad the gentleman has asked that question. It shows that Members do not realize the value of the information that is compiled. David Lubin discovered in his researches that the information gathered on the part of representatives of foreign countries in relation to agriculture was entirely inadequate; that it did not go into the subject thoroughly.

Mr. RANKIN. Will the gentleman yield?

Mr. WEARIN. I yield.

Mr. RANKIN. If we had had this institution in operation gathering information, would it not have saved the spending of millions of dollars in the fight against the Mediterranean fruit fly in Florida?

Mr. WEARIN. The gentleman is correct.

Mr. RANKIN. We have the world honeycombed with commercial attachés. It seems to me that if we are going to send commercial attachés all over the world to represent the manufacturing interests we can afford to give agriculture this small amount of assistance.

Mr. WEARIN. Yes; for the interests of agriculture.

I want to answer further the gentleman from Florida [Mr. GREEN], who asked whether or not we can gather the information through other sources than the Institute of

Agriculture in Rome. The Institute of Agriculture is not a political organization.

Mr. MOTT. Will the gentleman yield?

Mr. WEARIN. I yield.

Mr. MOTT. While we were spending millions of dollars fighting the Mediterranean fruit fly we were participating in this institute at Rome.

Mr. WEARIN. In the beginning; but since then this institution has been developed to a greater extent, and today the organization represents 95 percent of the population of the world.

Mr. MOTT. One other question: In subdivision 3, page 2, there is an item of rent. Is that for rent of the officer who is to draw the \$7,500 salary?

Mr. BLOOM. No.

Mr. MOTT. The gentleman stated one specific thing, and that was for the investigation of various pests. Will the gentleman mention any other specific thing that the Institute does? Would the gentleman care to be specific as to the various things which this Institute does?

Mr. WEARIN. I will be able to do that if I can get the time.

Mr. POU. Mr. Speaker, I yield the gentleman 10 minutes additional.

Mr. WEARIN. I want to take just a moment's time in reading the following statement. This particular institution that is devoting itself to agricultural research in Rome is accomplishing a good many things, and I made some notations of them in this book that I think are interesting. For example:

The aim of the international organization that concerns itself with the basic industry of agriculture is evident when it assembles the nations of the world for the consideration of a peaceful pursuit.

That in itself is an important item.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. MOTT. If the gentleman will just name the things that this institution does, specifically, I think he will give us all the information that we want. The general data that the gentleman just read does not do us any good.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. BLOOM. What is the book the gentleman is reading from?

Mr. WEARIN. That is my own volume.

Mr. BLOOM. I wanted the gentleman to inform the House that this is his own volume from which he is reading—a book written about this institution.

Mr. WEARIN. That is correct. I wrote it while there in Rome going into the details of this organization.

Mr. BLOOM. Just one more question. Would the gentleman at the same time kindly explain to the House the kind of building this organization occupies in Rome, the library, and the workings of the organization which have been going on since 1906.

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. I want first to answer the two questions on my left and clear that up. I will discuss Mr. Bloom's question in a moment—I want to complete the statement that this organization is important from the standpoint of world peace, because it is not a political organization. Getting to specific matters, as the gentleman requested, I find in a report from that particular organization the following statement made by Mr. Asher Hobson, with whom I happen to have had personal acquaintance some time ago when I was in Rome.

One of the primary duties of the Institute is the rapid collection, compilation, and dissemination of information concerning acreage sown, crop conditions, and harvest yields pertaining to the principal farm products in the world.

I think that indicates without a doubt that it is of the utmost importance in developing international trade.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. SNELL. From what book is the gentleman quoting now?

Mr. WEARIN. I am reading from a report on the International Institute of Agriculture, written by Asher Hobson, published in 1931. In answer to the question of the gentleman from New York [Mr. BLOOM], concerning the building and equipment of the Institute over there, in my limited experience in traveling through western Europe and also through the United States from coast to coast, I have seen only one other building that surpasses it in excellence; that is the building put up by the Carnegie Institution at The Hague for the housing of the World Court. Somebody may be about to get up and say, "Do you mean to tell me that the United States has been paying for that building?" The answer is no; absolutely no. The building was put up entirely through a donation on the part of King Victor Emmanuel of Italy, who at the same time set up an endowment fund that yields approximately 300,000 lire annually in support of the institution. We could not possibly participate for the sum stated in this joint resolution if it were not for that fact.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. HOPE. Can the gentleman tell us what proportion of the total expenditure for this purpose is expected to be contributed by the United States; that is, in percentages?

Mr. WEARIN. I shall have to ask the chairman of the committee to answer that question. The purpose I have in addressing the House at the present time is to explain the actual conditions surrounding the organization.

Mr. GLOVER. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. Not until I have completed the answer to Mr. BLOOM's question. The gentleman from New York asked me to explain something about the library at the International Institute of Agriculture. It is composed of approximately 185,000 volumes that have been gathered, some of which have never before been assembled in a public library for the use of the general public. I have had my hands on them and used them.

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. BULWINKLE. I should like the gentleman to tell the House what knowledge has been disseminated to the United States Department of Agriculture by this Institute which they did not already know.

Mr. WEARIN. I shall be very glad to answer the gentleman's question, though I hate to take up so much time of the House in going into these details.

Mr. MOTT. Before the gentleman goes on with that question, will he state whether in his opinion he has fully answered my question?

Mr. WEARIN. I think so. In answer to the question of the gentleman from North Carolina, much of the information on the diseases of foreign plants had not been discovered until it was reported to the Department of Agriculture by the International Institute at Rome. Does that answer the gentleman's question?

Mr. GLOVER. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. GLOVER. The joint resolution here proposes to appropriate—

Mr. WEARIN. Just one moment. If the gentleman wants to discuss the details of the joint resolution, I want him to discuss them with the chairman of the committee. Is that the gentleman's question?

Mr. GLOVER. I am asking the gentleman why this appropriation is to be made annually; that is, forever hereafter.

Mr. WEARIN. There is no appropriation made in this resolution at all, as I understand it. I will ask the chairman of the committee to answer that question when I finish.

In conclusion, I simply want to state as one who is very much interested in this Institute, not from the standpoint of being interested in going over there at the expense of the Government, because I would not go if you would bring me a commission on a silver platter, but I do think the House

should know that this Institute of Agriculture is an important factor in the development of the international program of trade relations as far as the United States Government is concerned. It is a valuable link in the chain of our tariff and international-trade program in which we are all so interested at the present time. [Applause.]

The SPEAKER. The time of the gentleman from Iowa [Mr. WEARIN] has again expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I do not intend to use 5 minutes, because I want to make a very simple statement. This institution has been going on for many years and we have been a member of it. We have continually been a member of it and are a member of it today and appropriate for our share of its maintenance. The information that is gathered and disseminated by the Institute is available to us whether we have a resident secretary there or not. We are getting it today and have been getting it.

Mr. WEARIN. Will the gentleman yield?

Mr. LEHLBACH. Yes; I will yield.

Mr. WEARIN. I should like to make the statement to the gentleman that I think he is mistaken. I have reliable information that we have endeavored in the last year or two, while we have not been a member of the International Institute of Agriculture, to get a statement from them concerning certain things in which we were interested and that was refused because we were not an active member.

Mr. LEHLBACH. But we were a member.

Mr. WEARIN. We are not an active member or a participating member of the organization.

Mr. LEHLBACH. Are we not paying \$35,000 a year for our membership?

Mr. BLOOM. If I may answer the gentleman, no; we are not paying anything now. We are paying about \$4,000 a year now. In other words, we are sneaking in under the tent. Whatever we are getting out of it we are not paying for.

Mr. LEHLBACH. This would not change our membership. We are a member and are entitled to all the information they have to disseminate. The only difference in our status as a member of this Institute, sought by this law, is to have a man in Italy at a cost of \$7,500 salary and \$5,500 living expenses, and so forth. If they can show us where we will benefit \$13,000 or \$13 worth by sending somebody over there to this sinecure, I should like to know it.

Mr. BLOOM. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. BLOOM. By treaty we are supposed to pay 190,000 francs. Before the depreciation in value we were paying practically the same equivalent, but afterward we increased it. Now we are bound to pay the same as all other first-class countries, the same as Argentina, Brazil, China, Germany, and so on. We would pay \$37,000 for our fee or our part of the share of the expense of running this institution. That is not for rent or anything else. The only other two expenses that come out of that would be the salary of our representative and \$5,500 for all other expenses; not a dollar more. There is no traveling; there is no junketing; there is no nothing else in this. It is \$37,000, according to our treaty agreement, that we are supposed to pay as a member of this Institute, the salary—whether it is \$5,000 or \$7,500, and \$5,500 for all expenses. That is the whole thing.

Mr. LEHLBACH. Well, that is it. We do not need that man over there.

Mr. BLOOM. Well, we do need him.

Mr. LEHLBACH. We had a man over there, as the gentleman from New York stated, to whom we paid \$5,000 a year. Several years ago he quit and the job lapsed. This is to recreate that job with an increase of salary to \$7,500.

Mr. TABER. Will the gentleman yield for a question?

Mr. LEHLBACH. I yield.

Mr. TABER. I have been following this thing, trying to find out where the Government of the United States or the people of the United States got any good out of it. Where do we get it?

Mr. LEHLBACH. Oh, this Institute has available and gathered from all over its member nations, which is the greater part of the earth, information as to crop production, quantity production, crop movements, and information of that kind, which is collated at the Institute and disseminated among the member nations. We would get that without anybody over there just as easily as not.

Mr. HASTINGS. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. HASTINGS. Suppose all other countries refused to participate along with us, then where would there be any information for dissemination all over the world?

Mr. LEHLBACH. But we have not refused. Everything the Department of Agriculture has is available to any member nation that is a member of that institute, and other nations treat us the same way.

Mr. BLOOM. Will the gentleman yield?

Mr. LEHLBACH. Yes; I yield.

Mr. BLOOM. Is it the gentleman's thought or idea that the United States should continue to ask for and receive the information from this institution that it has been receiving up to 3 or 4 years ago, and ask and get all this without paying their fee, their share of the running expenses of this institution in Rome? Would the gentleman want the United States to do that?

[Here the gavel fell.]

Mr. LEHLBACH. That is a double question which is not answerable by "yes" or "no."

The SPEAKER. The time of the gentleman from New Jersey has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I voted against a resolution practically identical with this one when it came up in the Committee on Foreign Affairs under the recent Republican administration.

When the present resolution was considered by the committee a few weeks ago, I took no part on the final roll call because I was not convinced the expenditure of this money is necessary or that it will help agriculture. What worries me about this resolution is whether we have a commitment. If we have a commitment to pay our quota as a member of this International Institute of Agriculture at Rome, then I believe in keeping faith with those who have made the commitment for us. But in the consideration of this resolution, we, on our side of the House, propose to offer two amendments; and I may say, for one, if these amendments are accepted, I shall not oppose the resolution.

The first amendment to be offered will be to eliminate the word "annually."

This resolution provides some \$48,000 to be appropriated annually. This means permanently, for all time, so to speak. It is not at all necessary. It is not in accordance with general procedure and practice. If we want to try this out, if we want to experiment with it and see if it is of any good to agriculture, we should appropriate the \$48,000 only for this year by striking out the word "annually." Then, at the end of the year, if it is worth while, we can continue it. We have not been paying any such sum for the last 6 years. Since 1928 we have been paying in paper francs, or a very much less sum, amounting to about \$5,000 a year. We are now called upon to pay in gold francs which increases the payment this year to about \$38,000 as our quota. I should like to know if all the other nations are also paying on the basis of gold francs. The other amendment is one which will be presented by my colleague from Illinois [Mr. ALLEN], a member of the committee, to reduce the salary of the commissioner from \$7,500, as provided in the resolution, to \$5,000. That was the sum recommended under the Republican administration by Secretary of State Stimson, and I think a good many on this side feel it is ample to provide for such a commissioner as long as he does not live at the Grand Hotel in Rome, or one of the expensive hotels there.

In addition, \$5,000 is carried in this resolution for quarters, traveling expenses, clerical help, and so forth. We do not

oppose this sum. We, however, do not believe that it is necessary in these days to increase the salary of this Commissioner by 50 percent when Congress is reducing the pension, benefits, and compensation of war veterans and cutting the pay of even the members of the State Department and of about 1,000,000 Civil Service employees. It is utterly inconsistent to ask for a 50 percent increase for this Commissioner in these days of economy and unemployment.

These are the two amendments that we expect will be offered on this side. I am inclined to think—although there is some opposition to the whole resolution—that if these amendments are adopted, a good many Members on this side will go along with the bill unless there are some new developments. If, when we go back into the House after considering the resolution in the committee, a motion to recommit is made, which will be in order, I hope, in view of the fact that many Members are absent, that the vote will be postponed until Monday.

This is all I want to say at this time on the resolution in regard to the two proposed amendments. I am not convinced at all from the hearings that this international institute will help agriculture. I rather believe, on the other hand, that the State Department, with its representatives and consulates in every country, can get all the information desired without belonging to the International Institute of Agriculture at Rome.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. SNELL. Information has come from the administration that they were going to bring home from Europe several hundred people we have had over there roaming around getting information. In view of this statement, ought we to have another commission to go over there and get information?

Mr. FISH. I may say to the gentleman from New York that the gentlewoman from Massachusetts [Mrs. ROGERS], who will speak in a few minutes, will present those figures to the House. There are some 300 or 400 who will be recalled, yet here it is proposed to send over to Rome another commissioner at a salary of \$7,500 with an additional sum for quarters and traveling expenses.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I am very sorry to go against my chairman, the Chairman of the Foreign Affairs Committee, because no one ever had a finer, more courteous, more cooperative chairman, but I must. In the first place, I cannot see why this legislation is necessary. I think the President has the power to appoint this man if he wishes to without further authority.

I am terribly tired of the policy of the administration of robbing Peter to pay Paul. [Applause.] They are doing it every day.

Mr. BLOOM. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I am very sorry I cannot yield. I have only a few minutes and I want to bring out some facts with reference to the number of the personnel the administration intends to recall from our Foreign Service.

Our disabled veterans are being robbed every day, having their compensation cut, without a hearing. They are not even allowed to present their cases or prove the service-connected nature of their disabilities while large appropriations are voted for other purposes.

I have here a list showing the number of agricultural and trade commissioners we have abroad roaming about in foreign countries getting the very information this member of the Agricultural Institute could get. There are 19 of them. Their salaries, I am told, average \$5,000 a year.

Their salaries total \$82,450—this after the cut of 15 percent. They also receive commutation of quarters, light, and heat, which amounts to a total of \$12,570. This last amount has been reduced 50 percent this last year. The figure given is that after the reduction was made.

Probably one of these men will be dismissed owing to the cuts in every department, and this other man will receive not only the pay he is now receiving but an added \$2,500. Another example of robbing Peter to pay Paul! I have here figures from the State Department. They show the reduction in their personnel for 1934 as being over 600 people.

This reduction will retard our success in foreign countries very much. These experienced officials are particularly needed at this time to carry out the work that the President is doing with foreign countries in connection with international trade and tariff agreements with debt settlements and with armament agreements. We need at this time a trained personnel in foreign service as never before in history, in my belief. Diplomatic relations are strained all over the world. Economic conditions are bad everywhere. We needed trained personnel during the World War. We need it even more today.

Mr. Speaker, I ask unanimous consent to insert as a part of my remarks certain tables sent to me by the State Department; and in order to be absolutely accurate, I shall read the statement that is made with reference to them.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. As shown by the following table, the appropriation for 1932 amounted to over \$18,000,000. The program of expenditure for 1934 is less by approximately \$8,000,000, which is a reduction of 43 percent below the appropriation for 1932, and this in view of the fact that we are going to have the most difficult trade relations and diplomatic relations we have ever had. Further reductions remain to be made.

Following is the statement of the Department of State:

DEPARTMENT OF STATE, May 19, 1933.

Statement showing appropriations and personnel of the Department of State as of July 1, 1933, and amount of reduction below appropriations and personnel for fiscal year 1932

Purpose	Fiscal year 1934		Amount of reduction below 1932	
	Funds available for 1934	Proposed personnel	Appropriated funds	Reduction in personnel
Department proper.....	\$1,637,482	728	\$864,636.00	118
Foreign Service.....	8,299,707	3,612	3,877,861.00	465
Foreign buildings.....			2,000,000.00	
International obligations.....	834,911	58	1,295,345.54	20
Permanent and indefinite.....	27,900		113,333.00	
Total.....	10,800,000	4,398	8,151,175.54	603

As shown by the foregoing table, the appropriation for 1932 amounted to \$18,951,175.54. The program of expenditure for 1934 is less by approximately \$8,151,175, which is a reduction of 43 percent below the appropriations for 1932. Personnel has been reduced by 603, a reduction of 12 percent. Further reductions remain to be made. In regard to the effect of these reductions upon diplomatic and consular officers in foreign countries, it is necessary to point out that under existing law Congress provided a basic salary for these officers and then provided for the adjustment of that salary to the cost of living in the several countries by the addition of post allowances and also made provision for rent of living quarters and also defraying a part of the cost of representation. The aggregate of these several amounts constituted the official compensation or income of the officers and employees in foreign countries. The salary has now been reduced 15 percent, the allowance for quarters about 64 percent, the post and representation allowances 100 percent, and in addition in certain countries the purchasing power in which the salaries and allowances are paid has suffered a depreciation of from 14 percent to 18 percent. The result is that in those countries in which this condition exists the official income of ambassadors has suffered a reduction of approximately 45 percent; of Foreign Service officers of class I, 40 percent; Foreign Service officers of class V, 42 percent; and Foreign Service officers, unclassified, 44 percent. An unclassified Foreign Service officer in Germany, for example, who in 1932 received a salary and allowances of \$3,600, receives today approximately \$2,000. A letter from a consular officer in Danzig states that his present income in local currency is nearly 50 percent less than his income of a year ago; that he has had to give up his house and take a couple of rooms in a private home, refuse practically all invitations of a social nature, official or otherwise, since it is no longer possible for him to return them.

A letter from an officer in Kaunas, Lithuania, reports a reduction of 27 percent in the purchasing power of his official income. The members of the Foreign Service in Italy report a 27 percent

reduction in the purchasing power of their April salaries. An officer in Belgium reports that the official incomes of officers in that country have suffered a 40 percent reduction since June last as compared with a 15 percent reduction in governmental salaries in the United States. The Minister to Austria reports a 16 percent depreciation in the dollar, which, added to the 15 percent reduction in salaries, makes a total reduction in the income of officers and employees of 31 percent since April 1, 1933. The Ambassador to Italy reports a 17 percent depreciation in the dollar, which, in addition to the 15 percent reduction in Government salaries, makes a 32 percent reduction in the purchasing power of the incomes of the United States Government officers in Rome. Much the same situation is reported from Paris, from Switzerland, and a number of other countries.

Other countries are trying to make up the difference where the purchasing power of their salaries is reduced, but our Foreign Service officers are being cut more than to the bone, and many of them are being eliminated. I cannot vote for the resolution.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Speaker, I want to state in the beginning that I am not opposed to agricultural research, either scientific or economic. I presume there is no Member of the House who makes greater use of the research and statistical facilities of the Department of Agriculture than myself. I think the work this Institute is doing, or is supposed to do, ought to be done, but I am not in favor of this Congress authorizing appropriations to do this work, when our own Department of Agriculture is doing the same work and doing it much better than it can possibly be done by the International Institute of Agriculture.

Mr. BLOOM. Will the gentleman yield?

Mr. HOPE. Just very briefly. I have only 5 minutes.

Mr. BLOOM. The present Secretary of Agriculture and the former Secretary of Agriculture have stated just the opposite of what the gentleman is saying now. They have said they need this more than anything they can get in order to secure information throughout the world, and if the gentleman has read the report he will find their statements are contrary to the statement which the gentleman has just made.

Mr. HOPE. I may say to the gentleman from New York that I have read the report; and while it is true that the present Secretary of Agriculture and his predecessor approve the legislation, they do not do so in the extravagant way the gentleman has indicated. I have read every word of the report and have studied particularly that part of it setting out the purposes for which this Institute was established. A study of these purposes indicates clearly that every bit of its work is being duplicated by our own Government.

Going down the list of purposes we find the first one is to—

Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, both vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets.

We have in the Department of Agriculture a Bureau of Agricultural Economics which is doing just exactly this type of work, and doing all of the work that is included in the statement I have just read; and we appropriated for the coming fiscal year for the Bureau of Agricultural Economics \$6,095,260.

Insofar as it is necessary for us to go to foreign countries to get information with regard to foreign agricultural products and the commerce in agricultural products throughout the world, we have a special agency in the Bureau of Agricultural Economics under the head of Foreign Agricultural Service, for which we appropriated last year \$292,000, and let me call your attention to the language in the appropriation bill stating the purposes for which this money is appropriated:

To enable the Secretary of Agriculture to carry into effect the provisions of the act entitled "An act to promote the agriculture of the United States by expanding in the foreign field the service now rendered by the Department of Agriculture, in acquiring and diffusing useful information regarding agriculture and for other purposes, and for collecting and disseminating to American pro-

ducers, importers, exporters, and other interested persons information relative to the world supply of and need for American agricultural products, marketing methods, conditions, prices, and other factors, a knowledge of which is necessary to the advantageous disposition of such products in foreign countries, independently and in cooperation with other branches of the Government, State services, purchasing and consuming organizations."

And persons engaged in the transportation, marketing, and distribution of farm products.

This in substance provides for identically the same work as is mentioned in the report of the committee outlining the economic work of the International Institute of Agriculture.

Mr. McREYNOLDS. Will the gentleman yield?

Mr. HOPE. Not at this time.

Going down to the next purpose for which the Institute was founded we see it is to—

Communicate to parties interested, also as promptly as possible, all the information just referred to.

If we get it ourselves, we have no necessity for having it communicated to us from the International Institute.

The next purpose for which the Institute is founded is stated to be—

(c) Indicate the wages paid for farm work.

We can go to the Bureau of the Census and we can get information and the Bureau of Agricultural Economics and get this information at any time. So I cannot see that we need the Institute for this purpose.

The next purpose for which it is stated the Institute is organized is—

(d) Make known the new diseases of vegetables which may appear in any part of the world, showing the territories infected, the progress of the disease, and, if possible, the remedies which are effective in combating them.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman 1 more minute.

Mr. HOPE. Now, we have in the Department of Agriculture the Bureau of Plant Industry, for which we are appropriating over \$4,000,000 a year, which has infinitely more knowledge of plant diseases not only in this country but throughout the world than the Institute at Rome can ever acquire.

If I had the time I should like to read the remaining purposes for which the Institute was organized and to show that in each instance our Department of Agriculture is doing exactly the same work.

There are no doubt many countries which do not maintain and are not able to maintain a government department of agriculture such as we have in this country. The International Institute can no doubt render a service to those countries.

In this country, however, we do not need it. Today we are talking about cutting down the activities of our Agricultural Department. Many men who have spent all of their adult lives in agricultural work are fearful of losing their positions because of the necessity for economy. This being the case, it is surely a poor time to increase our appropriation for an institution whose work is not needed.

[Here the gavel fell.]

Mr. POU. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Speaker, once a year an attack is made on the appropriation for the International Institute of Agriculture, and every year for 4 or 5 years I have defended the appropriation because of the valuable services the Institute is rendering American agriculture. The trouble with my friend from New York [Mr. FISH], and the gentle lady from Massachusetts [Mrs. ROGERS], is, although their hearts are all right and their motives are all right, still they do not know anything about the International Institute of Agriculture. They have no conception of its functions and accomplishments. They have no comprehension of the magnitude of the organization, and no appreciation of the splendid work for agriculture that it is doing. For a quarter of a century it has been serving the farmers, not only of the

United States, but of the world. It has furnished the people of 40 nations reliable information and dependable agricultural statistics. It is the only clearing house in the world for the accumulation and dissemination of agricultural information. By scientific experimentations it has tremendously advanced the vocation of agriculture; and, by the dissemination of the results of its research, it has materially aided in putting agriculture on a safer and more profitable basis.

It does not duplicate the information supplied by the Department of Agriculture. Much of the information that is disseminated by our Department of Agriculture with reference to crop conditions, grain production, and prices in foreign lands comes from the International Institute of Agriculture at Rome.

This Institute was organized by David Lubin, a Polish Jew, who as a penniless lad came to this country and by industry and genius beat a pathway out of poverty to wealth and fame. He was the father of the cooperative farm marketing system in the United States. Probably no man made a greater contribution to the development, stabilization, and standardization of agriculture in our national history. The agricultural classes of America owe him a debt of gratitude that would be hard to liquidate.

He was the founder of the International Institute of Agriculture in Rome, of which 40 nations are members. This Institute gathers valuable agricultural data from every nook and corner of the world.

Mr. HOPE. Will the gentleman yield?

Mr. LOZIER. I cannot yield; I have only 3 minutes. This information is cabled or radioed to Rome, and from Rome to every one of the 40 great nations having membership in the Institute. This data is either radioed or cabled to our Department of Agriculture and to every department of agriculture in the world.

Mr. HOPE. Will the gentleman yield?

Mr. LOZIER. I told the gentleman I could not yield. Does not the gentleman understand the English language?

Now, gentlemen, with reference to our consuls, attachés, and the representatives we have sent abroad to gather agricultural statistics and find markets for our agricultural products, I am sorry to say that most of them are the gold-lace men, whose work has been exceedingly disappointing.

We are obligated by treaty to contribute our part of the cost of maintaining this useful agency. This resolution should be adopted.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Speaker and Members of the House, I come from the district in which the State University of California is located, and I believe it to be one of the greatest educational institutions in the country—not the greatest but one of the greatest. I thoroughly approve of what the gentleman from Kansas [Mr. HOPE] has said in respect to the jurisdiction and work of our State agricultural institutions. They amply cover the field which this resolution seeks to invade.

I want to say frankly that I do not believe there is any need for such a subsidy as this, spending \$40,000 or \$50,000—and I notice that during 1927 the appropriation was as high as \$67,000. Furthermore, during the 27 years of its existence there has been expended by this institute \$1,250,000, or thereabouts. Those are not entirely accurate figures. I invite each one of you gentlemen to take the report on this resolution and examine it. You will find it is nothing in the world but a defense from beginning to end of the failures of the institute, which you are trying now to subsidize by an additional \$50,000 or \$60,000, and to increase the salary of the resident delegate from \$5,000 to \$7,500 a year.

Mr. WEARIN. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. Not now. I want to quote from a report by Secretary Stimson to the President in June 1932. You will find there that the surveys or the work done by this

institute have been unsatisfactory. And for a specific quotation I call attention to the language on page 4.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. Not now.

For some years before 1928 the American Government was of the opinion that serious defects had arisen in the functioning of the institute.

And they still exist. On page 6 of the report, near the bottom of the page, I find the following:

The system of extraordinary payments was introduced as a temporary expedient; it proved unsatisfactory both to the institute and to the member governments as a means of rectifying the financial situation.

And I defy anyone to take that report and read it through, and, in the words of the gentleman from Texas [Mr. BLANTON], I ask anyone to find anything anywhere that points to a specific benefit having been delivered to the American farmer. He needs relief, not statistics. The American farmer cannot digest the statistics he has before him at the present time. He has become sick of statistics.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. Yes.

Mr. BLANTON. There is our distinguished colleague GEORGE B. TERRELL sitting over there, who for the last 10 years has been commissioner of agriculture of the State of Texas, and now a Member of this House, and he will tell you that this whole bill is damned foolishness, and we ought to stop this waste of \$48,500 annually.

Mr. ELTSE of California. I hope he will. It is foolishness. I repeat it. If you will read that report carefully, you will see that it is nothing more than a defense of a subsidy for this research work on foreign soil, and when we have our own troubles over here in America, with our own American farmers who have their own pests, and their own problems of farming, of economics, of consumption and production, why do we want to spend some fifty thousand or sixty thousand or seventy thousand or eighty thousand dollars or more to make something effective on foreign soil?

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. Yes.

Mr. HASTINGS. Did not the former Secretary of State in this very report from which the gentleman is quoting recommend this, and did he not send up a printed draft of proposed legislation to carry it on?

Mr. ELTSE of California. Yes; and my answer to that is if in that report of Mr. Stimson you can point out anything to me or to any Member of the House showing a specific benefit to the American farmer, I will be glad to see it.

Mr. HASTINGS. Of course we would not have the time to analyze all the pages of the report; but did not the present Secretary of State, Mr. Cordell Hull, recommend it?

Mr. ELTSE of California. And I want to say to the gentleman that one of our gravest troubles now in connection with legislation in this body is that we do not analyze these reports and do not understand them. Analyze this report, and you will find there is no specific benefit to the American farmer.

Mr. RANSLEY. Mr. Speaker, I yield the remainder of my time to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, I take my hat off to our splendid New York delegation. It is the ablest, the shrewdest, the most active and energetic, the most kind-hearted and courteous, and the most ambitious and far-reaching delegation in any legislative body in the world.

Mr. KELLER. Except Illinois.

Mr. BLANTON. Our good friend from New York, Dr. SROVICH, brought in his junketing resolution to spend \$250,000 and we killed that, and then our good friend from New York, Mr. CELLER, had to bring in another junketing resolution here the other day, which we stopped by a point of order, that would have expended \$250,000 more, and now here is our good old friend from New York, Sol Bloom, with another \$48,500 junket. He brings in one also. Sol is the spokesman here of the American farmer. [Laughter.] When Sol goes to Rome, Italy, and is presented to Mussolini, we

all know of course that he pays his own expenses. When he is presented to the Pope he pays his own expenses, and when he puts on knee breeches and is presented to the King at the Court of St. James's he pays his own expenses. Oh, he is liberal-hearted. He now believes that the American farmer must be saved by this Institute of Agriculture at Rome, Italy. Sol is fathering this bill on the floor, he is the spokesman for it.

There is no law now to pay anyone \$5,000 or \$7,000 a year over there at Rome. Unless you pass this joint resolution there will not be any law authorizing it, and there will not be any more money spent in Rome, because there are enough of us here who know how to make points of order to stop those things in appropriation bills. They must pass this joint resolution to make it in order. If you do not pass this joint resolution we will not spend any more money there.

Since 1928 we have not participated in this Italian institute in Rome. Oh, we have paid our part of the European expenses of this institute at Rome, Italy, and we have always done that. We are paying our part of every single project that is being carried on in Europe right now, but we have not participated at Rome since 1928, and we ought not to participate any more. Unless you pass this joint resolution we will not participate any longer. Spending money there will stop. Of this \$48,000 there is to be \$7,500 a year paid as the salary of a resident delegate in Rome. The Institute meets just twice a year, but we are going to let him stay there the whole 12 months. I challenge any Member here to state one sane reason why we should maintain yearly a delegate at Rome, Italy, to represent us in a so-called "Institute of Agriculture" there and pay the delegate an annual salary of \$7,500 and allow him an additional \$5,500 for rent of his dwelling, heat, fuel, and lights.

It is the most absurd, ridiculous proposal I have heard of in a long time. Have we lost our common sense? Have we ceased to see things from a sane, practical standpoint? Have we ceased to reason and think for ourselves? Are we led away by some recommendation of some little bureau chief? Have we not yet begun to ask ourselves the question, before spending public money, "Is it necessary to spend it; is it worth while; does it bring the people proper returns; is it to the interest of the people of the United States, or is it to benefit some individual or individuals?"

Why should we spend this \$48,500 in Rome, Italy, every year. Why should we pay this \$7,500 salary and this \$5,500 for rent, heat, fuel, and lights?

Mr. BLOOM. Will the gentleman yield?

Mr. BLANTON. Why, you allow him \$5,500 for a private dwelling and rent and heat, light, and fuel.

Mr. BLOOM. No.

Mr. BLANTON. Yes; it is. Read the bill. Mr. Speaker, I am not going to allow my friend from New York to use my few minutes. I want him to take his own time.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BLANTON. I only have 4 minutes.

There is his \$7,500 salary; his \$5,500 for his residence, heat, light, and fuel.

Mr. BLOOM. And what else?

Mr. BLANTON. Then there is about \$5,000 for the contribution for the institute expenses. The balance of the \$48,500 is junketing for experts in the Department of Agriculture and the Department of State and very likely for some Senators and some Congressmen.

Mr. BLOOM. Oh, no.

Mr. BLANTON. We have experts in the departments and experts in Congress.

Mr. ALLGOOD. Is it an emergency?

Mr. BLANTON. Emergency the devil! President Roosevelt has not recommended it. We ought to kill it. [Applause.]

The SPEAKER. The time of the gentleman from Texas has expired. All time has expired.

Mr. POUL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 81, noes 80.

Mr. BLANTON. Mr. Speaker, I ask for tellers. Pending that, I ask for the yeas and nays, Mr. Speaker.

The yeas and nays were ordered.

The question was taken; and there were—ayes 152, nays 143, answered "present" 2, not voting 133, as follows:

[Roll No. 43]

YEAS—152

Abernethy	Doxey	Kerr	Ramspeck
Ayers, Mont.	Driver	Kleberg	Rankin
Bankhead	Duncan, Mo.	Kloeb	Rayburn
Beedy	Dunn	Kniffin	Reilly
Berlin	Eagle	Kopplemann	Robertson
Biermann	Ellzey, Miss.	Kramer	Robinson
Bland	Englebright	Kvale	Romjue
Bloom	Fernandez	Lambeth	Ruffin
Boileau	Flesinger	Larrabee	Sabath
Boland	Fitzpatrick	Lea, Calif.	Sandlin
Boylan	Ford	Lozier	Schulte
Brennan	Fuller	Luce	Scrugham
Brown, Ky.	Gasque	McCarthy	Sears
Brown, Mich.	Gilchrist	McCormack	Shallenberger
Buchanan	Goldsborough	McGrath	Shannon
Buck	Gray	McKeown	Sinclair
Bulwinkle	Green	McMillan	Sisson
Burch	Greenwood	McReynolds	Snyder
Byrns	Gregory	Major	Somers, N.Y.
Caldwell	Griffin	Mansfield	Spence
Carden	Guyser	Marland	Studley
Carpenter, Kans.	Hancock, N.C.	Martin, Colo.	Tarver
Castellow	Harlan	Martin, Oreg.	Taylor, Tenn.
Chavez	Harter	Mitchell	Turner
Condon	Hastings	Monaghan	Vinson, Ga.
Cooper, Tenn.	Henney	Murdock	Wallgren
Cox	Hildebrandt	Nesbit	Wearin
Cravens	Hill, Ala.	O'Brien	Weaver
Crosser	Hill, Knute	Oliver, Ala.	Welch
Crowe	Hill, Samuel B.	Oliver, N.Y.	Werner
Crump	Hughes	Owen	West, Ohio
Dickinson	Imhoff	Parks	West, Tex.
Dies	Jacobsen	Parsons	Whittington
Dingell	Johnson, Tex.	Patman	Willcox
Dirksen	Kahn	Peterson	Willford
Disney	Kee	Pou	Willson
Dockweiler	Keller	Prall	Woodrum
Dowell	Kelly, Ill.	Ragon	Zioncheck

NAYS—143

Adair	Culkin	Jones	Richards
Allen	Cummings	Kennedy, Md.	Rogers, Mass.
Allgood	Darrow	Knutson	Rogers, N.H.
Almon	Dear	Kociakowski	Rogers, Okla.
Arens	Deen	Lambertson	Sanders
Bacon	DeRouen	Lamneck	Schaefer
Bailey	Dobbins	Lanham	Schuetz
Beam	Dondero	Lehlbach	Secrest
Black	Duffey	Lehr	Seger
Blanton	Durgan, Ind.	Lemke	Simpson
Bolton	Eaton	Lloyd	Smith, Wash.
Britten	Elcher	Ludlow	Snell
Brumm	Eltsch, Calif.	Lundeen	Strong, Tex.
Burke, Nebr.	Evans	McFadden	Stubbs
Burnham	Farley	McFarlane	Swank
Busby	Fletcher	McGugin	Taber
Cady	Foulkes	Mapes	Taylor, Colo.
Cannon, Mo.	Fulmer	Marshall	Terrell
Cannon, Wis.	Gambrell	May	Thom
Carter, Calif.	Gibson	Meeks	Thomason, Tex.
Cavichia	Glover	Merritt	Thompson, Ill.
Chapman	Goodwin	Millard	Thurston
Chase	Griswold	Miller	Traeger
Christianson	Haines	Montet	Turpin
Church	Hancock, N.Y.	Moran	Umstead
Claborn	Hess	Morehead	Utterback
Clarke, N.Y.	Higgins	Mott	Vinson, Ky.
Cochran, Mo.	Hollister	Musselwhite	Wadsworth
Cochran, Pa.	Holmes	O'Connell	Warren
Coffin	Hooper	Palmisano	Watson
Colden	Hope	Parker, N.Y.	Weideman
Collins, Calif.	Howard	Peavey	Whitley
Colmer	Jeffers	Polk	Wigglesworth
Crosby	Jenckes	Ramsay	Wolcott
Cross	Jenkins	Ransley	Woodruff
Crowther	Johnson, Minn.	Reece	

ANSWERED "PRESENT"—2

Doughton Fish

NOT VOTING—133

Adams	Brooks	Cole	Douglass
Andrew, Mass.	Browning	Collins, Miss.	Doutrich
Andrews, N.Y.	Brunner	Connery	Drewry
Arnold	Buckbee	Connolly	Edmonds
Auf der Heide	Burke, Calif.	Cooper, Ohio	Faddis
Ayres, Kans.	Carley	Corning	Fitzgibbons
Bacharach	Carpenter, Nebr.	Cullen	Flannagan
Bakewell	Carter, Wyo.	Darden	Focht
Beck	Cartwright	Delaney	Foss
Beiter	Cary	De Priest	Frear
Blanchard	Celler	Dickstein	Gavagan
Boehne	Clark, N.C.	Ditter	Gifford

Gillespie	Lee, Mo.	Perkins	Sutphin
Gillette	Lesinski	Pettengill	Sweeney
Goss	Lewis, Colo.	Peyser	Swick
Granfield	Lewis, Md.	Pierce	Taylor, S.C.
Hamilton	Lindsay	Powers	Tinkham
Hart	McClintic	Randolph	Tobey
Hartley	McDuffie	Reed, N.Y.	Treadway
Healey	McLean	Reid, Ill.	Truax
Hoepfel	McLeod	Rich	Underwood
Hoidale	McSwain	Richardson	Waldron
Hornor	Maloney, Conn.	Rudd	Walter
Huddleston	Maloney, La.	Sadowski	White
James	Martin, Mass.	Shoemaker	Williams
Johnson, Okla.	Mead	Sirovich	Withrow
Johnson, W.Va.	Milligan	Smith, Va.	Wolfenden
Kelly, Pa.	Montague	Smith, W.Va.	Wolferton
Kemp	Moynihan	Stalker	Wood, Ga.
Kennedy, N.Y.	Muldowney	Stegall	Wood, Mo.
Kenney	Norton	Stokes	Young
Kinzer	O'Connor	Strong, Pa.	
Kurtz	O'Malley	Sullivan	
Lanzetta	Parker, Ga.	Sumners, Tex.	

So the resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

The Clerk announced the following pairs:

On this vote:

Mr. Bakewell (for) with Mr. Tobey (against).
 Mr. Maloney of Connecticut (for) with Mr. Edmonds (against).
 Mr. Rudd (for) with Mr. Ditter (against).
 Mr. Lesinski (for) with Mr. Rich (against).
 Mr. Johnson of West Virginia (for) with Mr. Muldowney (against).
 Mr. Adams (for) with Mr. Connolly (against).
 Mr. Cullen (for) with Mr. Bacharach (against).
 Mr. Kenney (for) with Mr. Wolverton (against).
 Mr. Flannagan (for) with Mr. Hartley (against).
 Mr. Richardson (for) with Mr. Wolfenden (against).
 Mr. Sadowski (for) with Mr. Powers (against).
 Mr. Walter (for) with Mr. McLean (against).
 Mr. Delaney (for) with Mr. Beck (against).
 Mrs. Norton (for) with Mr. Doutrich (against).
 Mr. O'Connor (for) with Mr. Waldron (against).
 Mr. Corning (for) with Mr. Kinzer (against).

General pairs:

Mr. Doughton with Mr. Treadway.
 Mr. Brunner with Mr. Gifford.
 Mr. Ayres of Kansas with Mr. Cooper of Ohio.
 Mr. Lewis of Maryland with Mr. Blanchard.
 Mr. Sullivan with Mr. Martin of Massachusetts.
 Mr. Steagall with Mr. Reed of New York.
 Mr. McClintic with Mr. Focht.
 Mr. Lindsay with Mr. Kurtz.
 Mr. McDuffie with Mr. Withrow.
 Mr. Collins of Mississippi with Mr. McLeod.
 Mr. Cartwright with Mr. Strong of Pennsylvania.
 Mr. Arnold with Mr. Buckbee.
 Mr. Drewry with Mr. Moynihan.
 Mr. Parker of Georgia with Mr. Perkins.
 Mr. Smith of West Virginia with Mr. Andrew of Massachusetts.
 Mr. Kemp with Mr. Reid of Illinois.
 Mr. Sumners of Texas with Mr. Stalker.
 Mr. Underwood with Mr. Carter of Wyoming.
 Mr. Kennedy of New York with Mr. Swick.
 Mr. Maloney of Louisiana with Mr. Frear.
 Mr. Douglass with Mr. James.
 Mr. Mead with Mr. Stokes.
 Mr. Connery with Mr. Foss.
 Mr. Milligan with Mr. Tinkham.
 Mr. Dickstein with Mr. Goss.
 Mr. Carley with Mr. Kelly of Pennsylvania.
 Mr. Gavagan with Mr. De Priest.
 Mr. Boehne with Mr. Shoemaker.
 Mr. Auf der Heide with Mr. Andrews of New York.
 Mr. Browning with Mr. Fitzgibbons.
 Mr. Granfield with Mr. Beiter.
 Mr. Celler with Mr. Brooks.
 Mr. Huddleston with Mr. Randolph.
 Mr. McSwain with Mr. Hoidale.
 Mr. Sweeney with Mr. Gillette.
 Mr. Young with Mr. O'Malley.
 Mr. Pettengill with Mr. White.
 Mr. Sirovich with Mr. Darden.
 Mr. Smith of Virginia with Mr. Burke of California.
 Mr. Sutphin with Mr. Wood of Georgia.
 Mr. Cary with Mr. Carpenter of Nebraska.
 Mr. Hart with Mr. Peyser.
 Mr. Cole with Mr. Lanzetta.
 Mr. Clark of North Carolina with Mr. Wood of Missouri.
 Mr. Hornor with Mr. Lewis of Colorado.

Mr. JACOBSEN. Mr. Speaker, my colleague the gentleman from Iowa, Mr. GILLETTE, is absent on account of sickness. If present, he would vote "aye."

The result of the vote was announced as above recorded.

Mr. McREYNOLDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the resolution (H.J.Res. 149) authorizing an annual appropriation for the

expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 149, with Mr. WOODRUM in the chair.

The Clerk read the title of the House joint resolution.

The CHAIRMAN. Without objection, the first reading of the joint resolution will be dispensed with.

There was no objection.

The CHAIRMAN. Under the rule, the gentleman from Tennessee [Mr. McREYNOLDS] is recognized for 30 minutes and the gentleman from New York [Mr. FISH] is recognized for 30 minutes.

Mr. FISH. Mr. Chairman, I should like to propound a question to the distinguished chairman of the committee and ask him if it can be agreed upon that if we are to have a motion to recommit and a roll call, the roll call could go over until Monday morning?

Mr. McREYNOLDS. I understand there will be other matters to be taken up after this, and I cannot make that agreement.

Mr. FISH. There are so many Members absent on Saturday afternoon, with the understanding generally that there would not be any roll call, that I wish the gentleman could make that agreement.

Mr. McREYNOLDS. Well, we are going right on with the bank bill after this is concluded, and I am not authorized to make any agreement whatever.

Mr. FISH. I do not care about what comes after this.

Mr. McREYNOLDS. I am sorry, but I cannot make such an agreement. We are now in Committee of the Whole anyway.

Mr. BRITTEN. Will the gentleman yield?

Mr. McREYNOLDS. I do not yield out of my time, Mr. Chairman.

The CHAIRMAN. The gentleman must yield in his own time, if at all.

Mr. McREYNOLDS. I yield myself 3 minutes at present, Mr. Chairman.

Mr. Chairman, I merely take these 3 minutes to correct some statements that have been made before this body.

In the first place, this is not an appropriation. It is an authorization which when authorized will go to the Appropriations Committee of the House and which they will have every opportunity to investigate thoroughly.

Another statement has been made that \$38,000 of this is for a junket. That statement was made out of absolute ignorance, and I emphasize the word "ignorance." Anyone who has investigated this matter knows that \$38,000 goes to this organization as dues on the same basis as other nations pay their dues.

But one delegate is provided in this resolution. He goes there and gives all of his time.

Whether or not the salary should be raised from \$5,000 to \$7,500 is a question for this committee to decide.

It has been stated also on the floor that the President was not for this bill. This statement is not correct. The Secretary of State endorses it. The Secretary of Agriculture yesterday insisted that the President stated that he wanted this passed as part of his farm-relief program.

I telephoned to the White House and asked the President's secretary to please go to the President at once and ask him if I might use his name in connection with the measure and whether or not it was one of his measures; and his secretary advised me that it was and that I had the privilege of quoting him as being for this bill. That is the reason it is here.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. McREYNOLDS. I have not time.

Mr. CLARKE of New York. I want to ask a simple question. Will not the gentleman give us some examples of benefits that have accrued from our participation in this institute?

Mr. McREYNOLDS. I am going to leave that to gentlemen who will follow me and I know they will be glad to inform the House in that regard.

Mr. ALLEN. Is the President in favor of this increase of 50 percent in the salary of the delegate?

Mr. McREYNOLDS. I never said that. I said that was a matter for the House to decide.

Mr. ALLEN. Is the committee in favor of this increase?

Mr. McREYNOLDS. The gentleman witnessed the vote in the committee.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. First, I think it is well to get some of the cobwebs out of the way. I do not make any statement on this floor unless it is supported by the record.

They say there is no junket in this. I refer you to the report of the committee that they brought in here and I read from page 4, the second paragraph:

From 1906 until 1928 this Government participated actively in the Institute being represented on the permanent committee by a delegate resident at Rome—

I call particular attention to this portion of the statement—

and sending delegations to the biennial meetings of the general assembly.

Not sending one man but sending delegations.

What did the gentleman from Tennessee mean when he put in this report, a report from the Secretary of State—and it is the same report Stimson sent here—

Mr. McREYNOLDS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No, I am sorry, I cannot yield.

Mr. McREYNOLDS. I wish to explain the gentleman's statement.

Mr. BLANTON. I cannot yield. If the gentleman cannot yield me any Democratic time, I cannot yield to him. It is unfortunate when things come to such a pass that a Member who has been supporting the Democratic ticket ever since he has grown up has to go to the Republican side to get time to talk against an extravagant Republican bill. Why, this is a Republican bill. It was formulated by the Republican Department of Agriculture, by a Republican Secretary of State under a Republican President. President Hoover sent it here in the last Congress as a Republican measure.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. TABER. We are prepared to repudiate it, anyway.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I regret that I cannot yield; I have but 5 minutes; I am sorry.

Mr. FISH. I will yield the gentleman an extra minute if he will yield for a question.

Mr. BLANTON. I am glad to yield to the gentleman from New York, who has been so generous and courteous in the matter of time. I am glad to yield to him.

Mr. FISH. I wish to point out to the gentleman from Texas that as the resolution was recommended by the Republican administration it carried a salary of only \$5,000.

Mr. BLANTON. That is right; but the gentleman from Tennessee [Mr. McREYNOLDS] has raised it 50 percent. He proposes to pay \$7,500. Is the President now in the White House in favor of the raise? He is not. I make the statement on my own responsibility that the President of the United States is not in favor of raising the salary of any Italian employee of this Government over in Rome, Italy, 50 percent.

Mr. KELLER. He is not an Italian.

Mr. BLANTON. If the gentleman from Illinois will keep still a minute, he will learn something. If SOL BLOOM has got no junket in this, I want him and the gentleman from Tennessee to explain this language, which I quote from the committee report, when, in explaining just how the State Department has spent this annual appropriation, which one

year amounted to \$68,340, Mr. Henry L. Stimson, then Secretary of State, said:

From 1906 until 1928 this Government participated actively in the institute, being represented on the permanent committee by a delegate resident at Rome, and sending delegations to the biennial meetings of the general assembly. The annual appropriations for the support of this Government's part in the institute varied in the period 1922-28 between \$29,577 and \$68,340.

Just what did he mean when he said, "And sending delegations to the biennial meetings"?

He did not say one delegate. He said delegations. That term "delegations" cannot be explained away. It is expected to send more delegations to Rome, Italy, and this is the reason this bill is written so as to provide \$48,500 for such annual expenditure.

I have a breakdown of our expenses for this institute for the past 3 years and this year, which was furnished me by Mr. Carr, of the Department of State, and from it you will note that our quota—and by quota is meant the annual contribution we are due this institute every year for expenses of it—was \$4,713.28 in 1930, and \$4,722.55 in 1931, and \$4,689.33 in 1932, and \$5,400 for 1933, this year, which has not yet been paid. Here is the statement:

Expenditures on account of the International Institute of Agriculture at Rome, Italy

	Calendar year 1930	Calendar year 1931	Calendar year 1932	Calendar year 1933
Stenographic services.....	\$83.33			
Communication service.....		\$6.42		
Travel expenses.....		\$27.19	\$1,457.86	
Equipment.....	978.24			
Miscellaneous expenses.....	12.08			
Quota.....	4,713.28	4,722.55	4,689.33	\$5,400
Total expenditures.....	5,786.93	5,556.16	6,147.19	5,400
Unexpended balances.....	52,213.07	9,703.84	4,912.81	
Total appropriations.....	58,000.00	15,260.00	11,060.00	5,400

¹Payment has not yet been made.

Now, if our quota, or contribution, for expenses of the institute is only about \$5,000 per annum, and we pay the salary of \$7,500 and the allowance of \$5,500, where is the balance of this \$48,500 going? Remember what Mr. Stimson said, "For sending delegations." It is for "delegations."

Mr. BLOOM. What is the gentleman reading from?

Mr. BLANTON. I am reading from the gentleman's report. Our friend Sol let too much go into this report of the committee.

I have not yielded to the gentleman.

Mr. BLOOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will suspend. The gentleman from Texas has the floor, and gentlemen know they have no right to interrupt him unless the gentleman yields.

Mr. BLOOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLOOM. If the gentleman from Texas mentions my name specifically and calls attention to a certain thing he is going to read, have I not the right to ask him what he is reading from and to state the page?

The CHAIRMAN. Not unless the gentleman agrees to yield, and the gentleman refuses to yield.

Mr. BLANTON. I think that is a fair, just inquiry, and if the gentleman will yield me 2 minutes extra I shall yield to him.

Mr. BLOOM. I have not got it.

Mr. BLANTON. I want to ask you this question, and I am talking to my Democratic colleagues. If there is no junket in this, what did Brother McREYNOLDS mean when he put in his report, "For sending delegations", and so forth?

Mr. McREYNOLDS. I can explain that to the gentleman if he will let me.

Mr. BLANTON. Just a minute. What did the gentleman mean when he put in here, as coming from the State Department, this language, "And sending delegations to biennial meetings"?

Mr. McREYNOLDS. That is true as to those meetings when another authorization was made, but that is not true as to this authorization.

Mr. BLANTON. I hope the Chair will not take this out of my time, because I did not yield.

Mr. McREYNOLDS. The gentleman asked me the question. I am giving the gentleman a little bit of what he has been giving everybody else.

Mr. BLANTON. Mr. Chairman, do not take this out of my time.

Now, listen to this:

"Sixty-eight thousand three hundred and forty dollars it costs 1 year." Was there not a delegation sent on that money?

Mr. McREYNOLDS. There might have been, but this does not provide for that.

Mr. BLANTON. If they sent delegations in the past, why will not they send them in the future? If you take the delegations out of this bill and if you will take the junket to Rome out of it, there will not be all this intensive interest in it.

Mr. McREYNOLDS. I have a statement right here [indicating] showing that what I stated is absolutely true.

Mr. BLANTON. Mr. Chairman, the gentleman from Tennessee is the most unfair man I ever saw.

Mr. McREYNOLDS. I thank you, sir; but I cannot beat you.

Mr. BLANTON. He is in charge of all of the time on the Democratic side, and he will not yield any of his own time and he has limited the debate against his bill to 30 minutes, and then he takes up all our time. This is not fair.

Let me tell you about gathering statistics for the farmers. Do you know what is the matter with the farmers today? The farmers have been bankrupt with statistics. God save the farmers from more statistics. They do not want any more statistics. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield the gentleman from Texas 1 minute.

Mr. BLANTON. Mr. Chairman, all of us appreciate my splendid, brilliant, young friend from Iowa, Dr. WEARIN. He is one of the most brilliant young men in the House. I take my hat off to him. He is just 30 years old. He has not had time to learn much, practically, about actual farming. He graduated at the Tabor Academy when he was 17 years old in 1920, and then he was graduated from Grinnell College in 1924, and then in 1926 he became treasurer of his local school system at home. He went abroad for a year and studied at Rome and then in 1928 he became a member of the Iowa Legislature. He was the Democratic leader there for 4 years, and as a splendid young stalwart Democrat I take off my hat to him, but he does not know much about the way departments here provide junkets. [Laughter and applause.]

Mr. FISH. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, the distinguished Chairman of the Committee on Foreign Affairs suggested to the House a few moments ago that this bill did not carry an appropriation. Of course it does not, but it carries a direction to the Committee on Appropriations to appropriate, not only this year but every year from now on, \$48,500. And what for? To be expended almost entirely in Rome for sustaining the International Institute of Agriculture.

In the name of heaven, my good friends, is there an ounce of common sense in throwing \$48,500 into a wastebasket in Rome at a time when we have millions out of employment in the United States, at a time when we are cutting every dollar out of every appropriation we possibly can, at a time when we are discharging thousands of Federal employees all over the United States and at a time when everybody is clamoring for economy, including the President himself? Day after day there comes the cry for more economy.

I regard the Committee on Foreign Affairs very highly, but I cannot understand how any reasonable organization of

men, who have to account to their constituency from time to time and who are down here reducing the salary of everybody all the way down the line, can be in favor of a proposition of this kind.

We have never had a condition like the present emergency, and how a body of reasonable men can come in here and ask us to dump practically \$50,000 a year into a hopper in Rome in the interest of the American farmer is more than I can understand. There has never been as silly a proposition as this presented to the House, and it ought to be overwhelmingly defeated. [Applause.]

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. KLOEB].

Mr. KLOEB. Mr. Chairman, ladies and gentlemen of the Committee, I have always found it profitable in presenting a case to a reviewing court to get the facts of the case plainly before the court, because it has been my experience that if the court has the facts correctly it can more correctly apply the law.

I feel that in this case I am about to present, the facts are grossly misunderstood. When you have the facts you are going to favor this measure. I hope that you will not interrupt me as I proceed with the statement of the facts until about the time of my conclusion. Then I shall be glad to answer any question that I am capable of answering.

What is this Institute of Agriculture? Back in 1906 there arose the necessity in the Agricultural Department of the Government that the farmers of the United States should obtain data that would be of assistance to them in planting their crops and in marketing those crops.

Someone has said, "Well, what is the function of our Department of Agriculture?" Its function is to gather statistics in the United States. It has no representatives in the forty-odd countries of the world. The duty of representing us belongs to our delegate to this institute. If the Government wanted to gather statistics from the forty-odd countries, it would be necessary to have a representative go to each of those countries. For this reason they found that it would be more economical and simpler to have cooperation among the agricultural nations of the world, and have each send a permanent representative at a given place, and there, with the assistance of clerks and expert statisticians assimilate the statistics, as well as market and crop conditions, from agricultural countries of the world that come in in all the languages of the world.

These facts are presented in their various languages to this institute, are digested, assimilated, and printed in various languages of the world, and in the form of reports are sent over here, not only to the Department of Agriculture but also to all the farmers' colleges, the agricultural institutes, and the extension bureaus. Daily cables are sent to the Agricultural Department on market and crop conditions.

What do you say this is to accomplish? Let me tell you what it has accomplished. In 1928, 135,000 farmers attended the extension schools in the United States. In 1931 846,000 farmers attended these agricultural institutes, these extension courses. Where do these extension courses get the world-wide statistics on products, on cost of marketing, on the probabilities of marketing for future crops? They get them from the Agricultural Institute in Italy where we have one representative.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. KLOEB. No; I told the gentleman I could not yield until I had finished stating the facts. My friends, since 1906, when this Government by treaty became a party to that institute, we have been a member. We have sent annually a representative, who has resided in Italy, and we were fortunate since 1906 up to 1919 in having as our representative David Lubin, of Sacramento, Calif., an extremely wealthy man whose business was agriculture.

He was the father of this institute. This gentleman paid much of his own expenses. He paid out much of his own private income in order to maintain himself and his staff of assistants.

In 1919 he died, and a Mr. Hobson was appointed to succeed him. In 1928 there arose some difficulties over there in connection with the Italian delegate who sought to rule the entire delegation, and we withdrew our man.

From 1928 to this time, under the terms of the treaty, we have been paying our assessment for maintenance of the institute in French francs—not gold francs, but 3.90 francs.

Thus we reduced our payments for the maintenance of the institute to \$4,800 in American money. The institute has found that it cannot operate without the assistance of American statistics and without the full American contribution; as a consequence in 1931, our State Department sent its representative to Italy and ironed out all these difficulties, and is now asking this Congress to again authorize an appropriation to permit a representative from this country to join all of the other agricultural nations of the world. We are the only country that is an agricultural nation that does not belong to this institute. That we now be permitted to rejoin is what is being asked in this resolution. President Hoover asked for this in June of last year in a special message to the Congress. Mr. Stimson, then Secretary of State, asked for the same thing. The present Secretary of State, Mr. Cordell Hull, asks for it, and the present President of the United States asks for it. The present Secretary of Agriculture asks for it, as did the former Secretary of Agriculture. Can all of these gentlemen be wrong?

Mr. WEIDEMAN. And did the President ask for a 50-percent increase in the salary of the delegate?

Mr. KLOEB. I shall answer the gentleman. When he speaks of a 50-percent increase in salary he makes an inaccurate statement. The past salary of \$5,000 is now subject to a 15-percent cut, making \$4,250 available. In view of the fact that under former conditions none but a wealthy man could be appointed at the prevailing salary, and none but a wealthy man could be appointed at a salary of \$4,250, the Director of the Budget, Mr. Lewis Douglas, than whom there is no man in the Government service who more desires economy, asks that this increase be made. The President will then have an opportunity to select a man at a salary of \$7,500 a year, less 15 percent, and will not be confined to a selection from among wealthy men, who may know nothing about agriculture or agricultural statistics. With this arrangement he may possibly find some professor of an agricultural college who has the proper background in respect to economics and agriculture.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. HART].

Mr. HART. Mr. Chairman, as a practical farmer, as one who has been engaged in marketing farm products for some 30 years, and who knows something about the problems not only of farming but of the distribution of farm products, I listened with interest to the remarks of the gentleman from Ohio [Mr. KLOEB]. If there is one thing that he demonstrated in his 10 minutes, it is that he knows absolutely nothing about agriculture or the marketing of agricultural products. He demonstrated, however, that he is thoroughly familiar with the language of farm propagandists and he knows the language of the Agriculture Department, which has increased its appropriations steadily as the income of the farmer has gone down. That is patent to everyone. As fast as we have increased the appropriations of the Agriculture Department the income of the farmer has declined. The farmer is suffering today from too many figures produced about his business. If he is successful in growing a good crop, long before he can offer any portion of it to the consuming public our statisticians in the Department of Agriculture have broadcast the fact to the world—sold the price down on top of his head. That is the trouble with agriculture today. We have too many economists and too many statisticians. [Applause.] I hope we will get rid of one of them today.

I am operating today an 800-acre farm, every foot of which is under the plow. I do not require any representa-

tive at Rome. The figures can be collected from the trade in this country. My crop happens to be beans. We raise 75 percent of all the white beans grown in the United States in the State of Michigan. I am able to obtain in Europe the crop acreage as soon as it is planted.

I never heard in my 30 years of experience of any agricultural institute at Rome until I came here. I was able to get the figures with reference to the product I handled. I was able to get them from Greece, from Holland, from France, from Rumania, and points in the Far East. I had a clear picture before me of what was going on in Europe and the Near East with reference to beans. I knew what was grown in Manchuria and in Japan and China, and yet I never heard of the Agricultural Institute in Rome until I came to this Congress and was assigned to the Committee on Appropriations and to the bill where the Agricultural Department gets its money. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. FISH. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Chairman, I am sorry that we should take up so much time of Congress with only \$48,000. There are greater things to talk about than that, but I want to say to you that when you say we are going to send a delegation over to Rome to get information, you are badly mistaken. I do not care where you send them over in Europe, they will get some information. There is no question about that, but we have had enough information about agriculture and how to raise these wonderful things that we can produce in this country.

I have known conditions in Europe. I was born and grew up over on the other side of the Atlantic, and I have gotten information about what they are doing over there the last 40 years. But I say that when this gentleman from Ohio, an attorney or business man, or whatever he is, talks about the great attendance of farmers at the extension meetings of the great agricultural colleges, and so forth, he does not dare deny that the people do not attend them as much as they did at one time. I know two of the leading speakers, supervisors in my own State of Minnesota, who have told me personally that this work has been overdone.

When I get up in the morning and turn on the radio there is information about the prices of hogs and cattle and grain. If I turn on the radio at noontime, there is more information, and also until midnight. We get all the information we want. The trouble with us is that we have been raising too much, and if you farm with common horse sense, you do not need so many experts around your neck. [Applause.] I repeat the statement I made on the floor of Congress yesterday, that I do not belittle the efforts of these people who are trying to raise a better cow or a better sow or a better hen—

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JOHNSON] has expired.

Mr. FISH. Mr. Chairman, I yield 1 additional minute to the gentleman.

Mr. JOHNSON of Minnesota. One minute is not sufficient time to make the remarks which I would like to make. I say to you I have gone into the Red River Valley of Minnesota and North Dakota and seen millions of bushels of potatoes rotting in the ground because of overproduction. When God Almighty gives us rain and sunshine we can raise it. Our problem is to get an honest and fair price on the markets in this country. If you attorneys and other professional and business men will see that we have a market for our products and see that we farmers get the cost of production plus a little profit, you can go home with the satisfaction that the farmers are going to produce enough so that the people of this country will live. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JOHNSON] has again expired.

Mr. FISH. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I rise in these 2 minutes simply to discuss the statement that was made by the gentleman

who just preceded me, that all the agricultural information that is put out over the radio and in other ways by our Department of Agriculture originates in the International Institute of Agriculture. I am sure, if the gentleman, whom I know wants to be correct in his statements, will look into the matter, he will find he is very much mistaken about this.

Mr. BLOOM. I did not say that.

Mr. HOPE. I so understood the gentleman, and, whatever his exact language may have been, its clear implication was as I have stated it. We may get some information from the International Institute of Agriculture, but I venture to say that the International Institute of Agriculture gets 10 times more information from the United States Department of Agriculture than the Department of Agriculture gets from that institution.

We have in every country of the civilized world the American Consular Service, which is at the beck and call of the Department of Agriculture and the Department of State, to obtain any agricultural information which may be desired. We have in the Bureau of Agricultural Economics our foreign agricultural service, with its attachés in all the principal countries of the world and with ample facilities to get all the information we may need from other countries. We have the Department of Commerce, with its far-flung organization equipped to secure such data as we may need with regard to production and markets. And in the Bureau of Agricultural Economics, in the Bureau of Plant Industry, and in all the other great bureaus of the Department of Agriculture we have able and experienced men to coordinate this information and get it before the farmers of the country. This great organization of our own—not the institute at Rome—is the source of our agricultural information. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. FOULKES].

Mr. FOULKES. Mr. Chairman, I am a new Member from Michigan, and this is the first time I have said a word on the floor of this House. I am a farmer. I farm more land than any other individual in that State. My family members have 80,000 acres of land, all under cultivation, and I want to say to these statesmen assembled here today that I think I understand the farming business.

I have sat here for nearly 90 days listening to arguments on agriculture as a member of the great Agriculture Committee and under the leadership of our distinguished Chairman, Mr. JONES, of Texas, I have labored hard and conscientiously in an honest effort to assist in framing sound legislation. I want to say to you that in my humble judgment most of your arguments are unsound and you do not understand the farming problem.

I want to appeal to those Broadway statesmen and to the statisticians and to these professors of the Agriculture Department and other departments to let us farmers alone. [Applause.]

I have heard more misinformation on that subject in the last 60 days than I ever knew existed anywhere.

As far as this bill is concerned, I want to say that I never heard of this association, this Institute, before in my life. If it is performing any functions, or has been of any benefit to me, I do not know it. Let me say further that if I could I would abolish the Agriculture Department. [Applause.] It is a nuisance and a delusion and a snare. You Broadway gentlemen ought to let us farmers alone. We know what we want, and if you will give us a little friendly cooperation, we will straighten out the agricultural question. [Applause.]

Mr. FISH. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, no one has yet told us why we should have these consular agents in every State and town in the world to get information in reference to all subjects pertaining to agriculture, representing the Department of Agriculture all over the world, representing the Department of Commerce all over the world, and still have to have an Institute of Agriculture from which we get something else. Is it not about time we developed our efforts

with some kind of concentration in making our consular and agricultural officers perform more service, instead of getting into something else and spending more money? [Applause.] We are never going to help the farmers unless we stop this kind of monkey work. [Applause.]

Mr. FISH. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, I ask unanimous consent to speak out of order for the balance of time.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Chairman, today's newspapers include an Associated Press report that the Finance Minister of Italy, Mr. Jung, who recently visited this country to discuss world economic problems, has just returned to Italy, and the day following his return he went before the Italian Parliament and urged a debt reduction of 80 percent by all nations which owe us money on war debts. I feel that this is the proper place and proper time, at least, to present the American point of view and to protest any attempt by the Italian Government to dodge its just debts to the United States.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. FISH. I cannot yield in 8 minutes on this subject. We showed more liberality and generosity to Italy in the settlement and adjustment of the war debts than to any other country. We reduced the war debt to Italy 75 percent and asked her to pay only 25 percent, in comparison to the settlement with Great Britain, which is on an 80-percent basis; with France, which is on a 50-percent basis; and Belgium, which is also on a 50-percent basis. The Italian war-debt settlement was by far the most generous that we made. Yet the same Italian minister, Mr. Jung, who came over here as the guest of our Nation, largely, so it developed, as the guest of the Democratic Party, as soon as he returned to his own land, goes before his Parliament and proclaims that not only Italy but that all the Allied Nations should have a reduction of 80 percent on the war debts due the United States. He said, "We are not able to pay."

The record shows that we loaned to Italy 60 percent of her war indebtedness after the armistice was signed, or \$1,031,000,000 prior to the armistice and \$617,000,000 postarmistice. Yet Finance Minister Jung comes along now and says that Italy is not able to pay, in spite of the fact that we have reduced the debt by 75 percent, and claims that we must reduce it 80 percent. Whether he means 80 percent of the remaining 25 percent or 80 percent of the whole debt it is difficult to tell from the Associated Press report. The basis of his argument is that Italy has not the capacity to pay. I think it would have been fairer to state that she did not have the willingness to pay. Yet the Italian Government, at the present time and for the last 3 years, has been spending more on its naval armaments than either Great Britain or Japan. The following are the figures showing the appropriations for new naval construction in Italy, British Empire, Japan, and France:

Italy: 1930-31, \$31,600,000; 1931-32, \$37,100,000; 1932-33, \$38,100,000.

British Empire: 1930-31, \$30,500,000; 1931-32, \$21,500,000; 1932-33, \$33,700,000.

Japan: 1930-31, \$40,800,000; 1931-32, \$33,500,000; 1932-33, \$26,900,000.

France: 1930-31, \$39,400,000; 1931-32, \$34,600,000; 1932-33, \$29,700,000 (for 9 months only).

These figures submitted by our naval intelligence show that Italy, which never has been a naval power, is spending more money for new construction than the British Empire or Japan.

I was told just a few moments ago that the President of the United States made a statement yesterday that if he had any recommendations to make or if any recommendations were made to him, in regard to a reduction in war debts, he would take it up with the Senators. I am afraid, if that statement is correct, that the President is under an erroneous impression that the war-debt settlements or adjustments are treaty matters that must go to the Senate.

The war-debt settlements were initiated in the House of Representatives, and they must come back to the House of Representatives for revision and the consent of Congress must be had if there is to be any change or modification of the settlement with Italy or any other nation. The matter should come back here to the Ways and Means Committee and be considered there. If we want to reverse ourselves, that is our privilege. I am not one of those die-hards. I believe there should be certain adjustments in the war debts, particularly with Great Britain; but it seems to me almost an act of impertinence for the Finance Minister of Italy, the day after he gets back from his visit here, to go before the Italian Parliament and demand that there should be a reduction of 80 percent, in spite of the fact that we have been almost overgenerous with Italy in comparison with every other country in the world. The resolution before us authorizes the expenditure of \$48,500 to pay our share toward the maintenance of an International Institute of Agriculture at Rome. Perhaps we might save something out of the Italian war debt by saying that we will adjust these debts and let Italy pay the \$48,500.

It is apparent to me that Italy does not propose to pay any of the war debt, but expects to cancel it, and that too is indicated in the statement of Mr. Jung, the Italian Finance Minister, according to the press reports today. He proposes a reduction not only of 80 percent, but in a part of his speech to Parliament an actual cancelation of the war debt. It is time for the Congress of the United States to discuss this war-debt issue and let foreign nations and their people know that there is an American side to it. I know of no better or more proper place to discuss our relations with foreign nations than the floor of the House of Representatives and thereby at least inform our people back home. I believe in the old Wilsonian doctrine of open covenants openly arrived at. We did not start the World War. We went over there and changed the tide of defeat into one of victory. We asked for nothing and that is exactly what we got—nothing at all—no plunder, no conquered territory, no indemnities, and no reparations but the allied nations are united in wishing the financial burden of the war on the backs of the American people. Italy got the Tyrol and Fiume, and parts of Africa. We all know what England and France took as their share of the spoils of war. If these nations want a reduction in their war debts, it is proper for them to discuss it with our representatives, but not while spending vast sums on naval and military armaments to plead incapacity to pay anything and to demand cancelation.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. HOEPEL. The gentleman says that we received nothing as a result of the war. We did receive something. We received the name of Shylock.

Mr. FISH. We got just what we get in every international conference that we have gone into. We have always got it in the neck in every foreign conference, and probably always will, and that is why the American people have so little faith in any international conference. Before we actually enter into these conferences there are secret military treaties, threats of repudiation of debts and agreements made in advance and often never known.

What is the significance of the statement made by Mr. Jung. Was there any discussion of the war debts between the Italian Finance Minister on his recent visit to Washington and the "brain trust?" Is this proposal a part of any agreement or even suggestion on the part of anyone in the American Government, or is it merely an attempt to feel out public opinion in the United States? No member of the opposition or Republican Party was even invited to attend the conferences with foreign statesmen held at Washington even as an observer. The administration for the first time since the Civil War has carried partisanship to such a degree on international issues that the opposition only learns the facts from the newspapers or from statements made by foreign diplomats or contained in European press dispatches.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. BLANTON. This committee report shows that we have gotten it in the neck in this conference at Rome, and since 1928, because we did get it in the neck, we have not participated at all.

Mr. KELLER. Why do we get it in the neck?

Mr. FISH. Because before we actually get into these conferences, before we participate, we find other agreements have been made, whether they be tariff agreements, as you read in the newspapers a few weeks ago or secret military treaties, and in this case, the Finance Minister of Italy, Mr. Jung, evidently was not speaking alone for Italy, but was speaking for the allied nations. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired and the Clerk will read.

The Clerk read as follows:

Resolved, etc., That the sum of \$48,500, or so much thereof as may be necessary, is hereby authorized to be appropriated annually for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State in the following manner:

(1) Not to exceed the equivalent in United States currency of 192,000 gold francs for the payment of the annual quota of the United States for the support of the institute, including the shares of the Territory of Hawaii, and of the dependencies of the Philippine Islands, Puerto Rico, and the Virgin Islands.

(2) Not to exceed \$7,500 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.

(3) Not to exceed \$5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and necessary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture.

During the reading of the House joint resolution the following occurred:

Mr. GLOVER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GLOVER. I should like to ask at what point amendments might be offered; whether at the end of each paragraph or at the end of the section.

The CHAIRMAN. After the bill has been read in its entirety. There is only one section in the bill.

Mr. BLANTON. Mr. Chairman, there is a proper motion in order at this juncture, and I make it. I move that the committee do now rise and report this bill back to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The motion of the gentleman is not in order until the section has been entirely read. There is only one section in the bill.

Mr. FISH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FISH. I trust the Chairman will recognize members of the committee to offer amendments at the conclusion of the reading of the bill.

The CHAIRMAN. The Chair will endeavor to follow the rules and precedents of the House.

The Clerk concluded the reading of the bill.

Mr. FISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISH: On page 1, line 4, after the word "appropriated", strike out the word "annually."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FISH].

Mr. FISH. I should like to be heard briefly, Mr. Chairman.

Mr. McREYNOLDS. Mr. Chairman, I have no objection to the amendment.

The amendment was agreed to.

Mr. ALLEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ALLEN: On page 2, line 5, after the word "exceed", strike out "\$7,500" and insert in lieu thereof "\$5,000."

Mr. ALLEN. Mr. Chairman, the International Institute of Agriculture was proposed by an American citizen, David Lubin, of California. Believing in its importance he succeeded in obtaining the support of the King of Italy, who, in 1905, invited most of the Nations of the World to send delegates to an international conference in Rome to consider the formation of such an agricultural organization. Henry White, Ambassador to Italy, was the delegate from the United States. The conference was attended by delegates from 40 countries. The United States ratified the convention in 1907. The Institute was established in Rome, where it occupies a building provided for its use by the Italian Government.

The purposes of the institute are:

(a) Collect, study, and publish information concerning farming, the commerce in agricultural products, and the prices prevailing in the various markets.

(b) Indicate wages paid for farm work throughout the world.

(c) Make known the new diseases of vegetables and farm products which may appear in any part of the world, showing territories infested, the progress of the disease, and, if possible, the remedies which are effective in combating them.

(d) Submit to the approval of governments measures for the protection of the common interests of the farmers.

In my opinion, there is not any question as to the practical benefit obtained. Its work is fundamentally strong and the service that it renders to our Government is very valuable. The Chief of the Bureau of Agricultural Economics wrote on June 7, 1932, as follows:

The official estimates of acreage, crop conditions, and production are of great value to the Department of Agriculture and the State agricultural colleges.

At no time has there been so many requests from farmers for information on world conditions.

The annual appropriation for the support of it for the United States has varied in the period 1922-28 between \$29,577 and \$68,340.

You are all aware of the plight of the farmer. One of the major causes of this crisis is overexpansion of world agriculture. Our own production expansion must be adjusted in the light of world competition and demand. It is necessary that we export some of our output and also meet foreign competition in our own markets. It is therefore important that our farmers have reliable information on world agricultural conditions.

I am in accord with the resolution, with the exception of the increase in salary for the United States member. Since our entrance in 1905 the salary of the member has been \$5,000 per year, with a reasonable allowance for light, heat, and quarters. To the best of my judgment, this is the first resolution that has been brought into this House asking for an increase. It has been explained to me by several of the Committee on Foreign Affairs who are in favor of this resolution in its entirety that \$5,000 is not sufficient to obtain the services of a competent man; that former members were of great wealth and the money phase of it was immaterial. They further told me that a man in that position must entertain lavishly. My friends, I would ask you if any Member of this Congress can conscientiously raise the salary of any United States employee 50 percent in order that he may entertain extravagantly, when only the past month we have reduced the compensation of the \$1,000-a-year scrubwoman 15 percent, the total-disabled war veteran all the way from 20 to 100 percent? When for economy sake we are retiring efficient men from the Government service because—and only because—they have given 30 years of honest and efficient service.

I would ask you when this Government has seen fit also to take the pension away from thousands of widows of veterans—I have been told that many widows of those heroes who gave their lives with the fall of the *Akron* will receive but \$22 per month—when it has seen fit to reduce our national defense, how can any Member explain a vote to increase the salary of an employee 50 percent when the administration is crying "economy"?

I would respectfully ask my friends that you be consistent with yourselves, to be fair with those who have been compelled to sacrifice during this emergency, and to vote to keep the salary the same as it has been for over 20 years instead of raising it 50 percent, which this resolution provides.

The amendment was agreed to.

Mr. GLOVER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the amendment just adopted, offered by the gentleman from New York [Mr. FISH], is identical with an amendment that I had sent to the desk and which I intended to offer. Of course, I realize that the committees are entitled to all the honor of amending a bill which they bring in here, but I rather think they should bring it in right in the first place, without a proposition of carrying an appropriation forever hereafter. Just why that language was permitted I cannot understand, unless they wanted to keep this question from coming before the Congress hereafter. I am very glad indeed that it has been aired on the floor of this House.

Now, I was born and reared on a farm. I know agriculture, and I doubt if there is a man here who is a farmer by practical experience who could point out one particle of good that has ever been accomplished by the expenditure of this money. Forty-eight thousand five hundred dollars a year from the time this was entered into makes an enormous sum of money that has been spent on this. That institution over there in Italy will get up a great scare about a brown-tail moth and you will appropriate thousands and thousands of dollars to exterminate something of that kind. If you could get a cross between a bollweevil and a brown-tail moth, you could come here and get \$50,000 a year to exterminate it. That is where those things come from. They come from institutions of this kind. I say to you that agriculture is charged up with all of these expenses. Then they say, "Just look what they are doing for agriculture."

We have had a very nice confession this morning from three or four Congressmen, and the balance of us could make the same kind of confession when we were here fresh, as they are. I doubt if 5 percent of the people who have come to Congress in the last 5 years knew that there was such a thing as that institution in existence. The farmers do not know it. They know they are getting no good from a thing like that. I believe the gentleman sounded a warning note this morning when he said we should let them alone in many respects. I say we are hampering them with legislation sometimes.

Mr. FORD. Will the gentleman yield?

Mr. GLOVER. Yes; I yield.

Mr. FORD. I think I understand the farm question. If all the men who have stood here and said they were farmers do not know any more about the farm question than their remarks have indicated, it is no wonder the farmer is in trouble.

Mr. GLOVER. The gentleman is not referring to me, because I can take him out and lay off a straighter row through new ground than he can carry a bridle through. I know the character of farmer that I am, and I am not like my good friend from New York [Mr. BLOOM], who farms on Broadway, right up in front of the great Morgan Building, where they raise everything in the way of finances and nothing in the way of crops. What New York needs to do is eat more and talk less about agriculture. [Laughter.]

Mr. BLOOM. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. BLOOM. From what I understand of this bill, knowing as much about it as I do, I can understand why farmers such as the gentleman refers to are in the position they are today.

Mr. GLOVER. Oh, if the gentleman knew what he was talking about, he would know that the farmer is in the condition he is today because he has been following expert advice coming from great cities like New York, and not taking the practical thought of the farmers and putting it into execution. I am speaking of the actual farmer.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. WEIDEMAN. About all they raise on Broadway is wild dogs.

Mr. GLOVER. Oh, they raise lots of heck up there. They raise everything except corn, wheat, potatoes, and things that are good to eat.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. BLOOM. Will not the gentleman admit we are pretty good contributors to the farmers?

Mr. GLOVER. You fellows certainly have good appetites; you look healthy; you look as though you fed well. The farmers have been treating you pretty well, and the city folks should think of the farmers' interest.

Mr. BLOOM. That is what I am stating.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I am always glad to yield to any of the gentlemen from New York, because they are great farmers.

Mr. BOYLAN. What would happen to the farmers if it were not for the people of the great cities of this country who eat your produce and drink your milk?

Mr. GLOVER. Yes; and what is going on now? The farmers' milk is being dumped by the roadside.

Mr. BOYLAN. You farmers have got to depend upon the cities. Does not the gentleman know to be facts these things I have stated?

Mr. GLOVER. No; I do not know all of them to be true.

Mr. FISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISH: On page 1, line 3, strike out "\$48,500" and insert in lieu thereof "\$46,000."

Mr. FISH. Mr. Chairman, I do not think there will be any objection to this amendment. It puts into effect in the total amount appropriated the theory of the Committee in adopting the previous amendment striking \$2,500 off the salary.

Mr. McREYNOLDS. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. McREYNOLDS. A mistake was made in reporting the bill in that the total was not raised by \$2,500 to provide for the \$2,500 raise in salary.

Mr. FISH. By its action on the last amendment, the Committee struck \$2,500 out of the salary provision of the bill.

Mr. McREYNOLDS. But it was not taken up the other time. The bill as originally drawn provided for a total of \$48,000, with a salary of \$5,000. When it was amended, making the salary \$7,500, the total was not changed. This was a mistake. The present total is the correct total with the salary carried at \$5,000.

Mr. FISH. I do not know that I follow the gentleman. This seems to be getting complicated; \$2,500 has been taken off the salary. Should we not also take it off the total of the bill?

Mr. McREYNOLDS. As I stated, the original bill, as the gentleman knows, carried a total of \$48,000.

Mr. FISH. The gentleman means the Republican bill?

Mr. McREYNOLDS. Yes; the Republican bill, if the gentleman desires to call it such. The salary was raised to \$7,500, but through mistake it was not reflected in the total. I trust the gentleman will withdraw his amendment.

Mr. BLANTON. The whole thing has been a mistake.

Mr. FISH. Mr. Chairman, in view of the gentleman's explanation, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 2, line 12, after the semicolon, strike out "actual and necessary traveling expenses."

Mr. BLANTON. Mr. Chairman, if these words "traveling expenses", which permit junketing, are stricken out, I am willing to vote for the resolution. For in my judgment there is involved in such words, "traveling expenses", at least \$30,000 in this bill for junketing over Europe.

Mr. McREYNOLDS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Just a moment. I cannot yield, when the gentleman, as chairman of the committee, controlled all of the time on the Democratic side and refused to yield to us who oppose the bill.

Mr. McREYNOLDS. I wish to correct the gentleman's statement.

Mr. BLANTON. I know what I am talking about. These departments may fool the gentleman from Tennessee with their bills drawn in technical language, but they cannot fool me. I have been looking after these appropriations for 15 years. I know how to hunt and find the sneakers the department sends up here for passage.

Now, I call your attention again to the information I got from the State Department yesterday.

Our quota or contribution to this Institute in Rome in 1930 was \$4,713. For 1931, it was \$4,722.55. For 1932 it was \$4,689. How much is it this year? We have not paid it yet. They have increased it so that this year it is \$5,400.

I got this information from the State Department. It ought to be authentic. The chairman and Mr. BLOOM say \$38,400 is our quota to this Institute. That is not so, unless we are to do a most foolish thing and give the Italians \$33,000 more than they should receive. I got my figures from the State Department, sent to me by Mr. Carr, and they are correct.

Our quota for this year, 1933, is only \$5,400. It is not \$38,400. The other part of this appropriation, or at least \$30,000, is for traveling expenses of experts in the Department of Agriculture and in the State Department, and possibly somebody else, and I will prove this to you.

Mr. BLOOM. Will the gentleman yield?

Mr. BLANTON. I always yield to my friend from New York. I think he is one of the fairest men on the floor.

Mr. BLOOM. I thank the gentleman very much. Let me explain to the gentleman that the reason that is \$4,000 at the present time is because at the time we entered into this treaty obligation the gold franc was then worth five times what it is today.

Mr. BLANTON. Then the gentleman admits that instead of paying \$4,000 we are going to pay \$38,400; is that right?

Mr. BLOOM. Will not the gentleman please let me explain?

Mr. BLANTON. Yes; but that is too much of an increase. I would rather the gentleman would explain it in his own time, because I want to use the rest of my 5 minutes.

I want you to again look at page 4 of Chairman McREYNOLD's report, the report he brings in here as being authentic, and in the second paragraph you will see where they say that since 1922 they have spent all the way from \$29,000 to \$68,000 a year on this institute.

Mr. BOILEAU. Will the gentleman yield?

Mr. BLANTON. I have not time to yield in 5 minutes.

Now, they say that this was for the purpose of paying their annual delegate and sending delegations to the biennial meetings of the general assembly. What does "sending delegations" mean? It means these junkets for these experts in the Department of Agriculture and the State Department—and I am reading this from his report—"sending delegations to the biennial meetings."

If we are just going to have a resident delegate in Rome, why should we provide traveling expenses? Why should we not strike out the traveling expenses? And in my honest judgment there is \$30,000 wrapped up in the traveling expenses that I am seeking to strike out. If you will help us strike out these five words, I will vote for your resolution.

Mr. BLOOM. All right; they are out.

Mr. BLANTON. All right; I will vote for the resolution if you will strike them out; because if you strike them out, you will strike out the junketing, and that is all I am after,

Mr. BLOOM and Mr. BOILEAU rose.

Mr. BLANTON. Then the gentleman agrees to strike this out?

Mr. BLOOM. No; I do not.

Mr. BLANTON. Oh, I knew they would not do it. I knew that the junketing part of the bill is the heart of it. Sending these annual delegations to Rome is what they want to keep in this bill. That is the reason I made them a fair proposition. Was not my proposition fair?

Mr. BLOOM. The gentleman will not listen to me.

Mr. BOILEAU. Will the gentleman yield?

Mr. BLANTON. Mr. Chairman, have I the floor or not?

The CHAIRMAN. The gentleman from Texas has the floor. Does the gentleman desire to yield?

Mr. BLOOM. Will the gentleman yield?

Mr. BLANTON. I yield always to the gentleman from New York.

[Here the gavel fell.]

Mr. BOILEAU and Mr. OLIVER of Alabama rose.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin.

Mr. BOILEAU. Mr. Chairman, I want to call the attention of the Membership of the House to the fact that the gentleman from Texas has made a very grave error in his criticism of this paragraph of the bill. You will notice that paragraph 3, on page 2, provides that not to exceed \$5,500 shall be used for rent, living quarters, traveling expenses, and so forth.

Mr. BLANTON. Then there is a semicolon.

Mr. BOILEAU. This is in paragraph 3. So all of the entire appropriation for all the purposes of paragraph 3 totals \$5,500. So I cannot see how it is possible to save \$20,000 or \$30,000 out of a \$5,500 appropriation. I may be in error, but it seems to me that the wording of this paragraph is very clear. In other words, only \$5,500 is appropriated for all the purposes outlined in paragraph 3; and any of the expenses of any so-called "junketing" to which the gentleman from Texas has been referring, must of necessity come under the general provision of the first part of the bill.

Mr. BLOOM. Will the gentleman yield?

Mr. BOILEAU. I gladly yield.

Mr. BLOOM. When the gentleman from Texas asked me a question and I said I would prove my statement to him and would go along with him, I wanted to explain the mistake the gentleman from Texas had made and confirm what the gentleman has already said that the total amount of all the expenses of the office, traveling and everything else, included in paragraph 3, cannot, in any event, exceed the sum of \$5,500. The idea is that the actual and necessary traveling expenses and other contingent expenses incident to the maintenance of an office in Rome, including clerk hire, office rent, traveling expenses, and other expenses of the representative, must come out of the \$5,500, and this is exactly the meaning and intent of this clause.

Mr. BOILEAU. I am glad the gentleman has brought out what I thought was the obvious intention of the committee. To me it is so clear that it does not need explanation, and I think the gentleman from Texas must be a Houdini if he is going to save \$20,000 or \$30,000 out of a \$5,500 appropriation.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. COCHRAN of Missouri. If that statement be true—and from the wording of this bill it seems to be true—then you have provided for a \$7,500 salary for the representative which has been reduced to \$5,000, by a recent amendment, and you have \$4,000 plus as our share under the treaty. What are the items that go to make up the \$48,000?

Mr. BOILEAU. The rest of the expenditure comes out of the authorization in the first paragraph of the bill.

Mr. COCHRAN of Missouri. No; the language is "in the following manner."

Mr. BOILEAU. The language is that the sum of \$48,500, or so much thereof as may be necessary, is hereby author-

ized to be appropriated for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under direction of the Secretary of State in the following manner.

Mr. COCHRAN of Missouri. And that is subject to three provisos and you cannot go beyond the three provisos, so what are you going to do with the money?

Mr. BOILEAU. I am glad the gentleman brought out that point, because paragraph 1 provides for a contribution toward the maintenance of the Institute, and \$5,000 in paragraph 2, and \$5,500 in paragraph 3.

Mr. BLANTON. What becomes of the balance?

Mr. BOILEAU. I am bringing this up for the consideration of the House because the amendment offered by the gentleman from Texas does not do what he is trying to do.

Mr. McFADDEN. I want to call the gentleman's attention to lines 4 and 5 on the first page of the bill, authorizing an appropriation for the expenses of the participation by the United States in the International Institute to be expended under the direction of the Secretary of State.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I move to strike out the last two words. I am Chairman of the Appropriation Subcommittee to which this bill will be referred if passed. May I make this observation. I think the gentleman who has just spoken is entirely correct in his interpretation of the resolution.

It contains only one section and the subdivisions 1, 2, and 3 simply place very definite limitations on the authority of the Secretary of State as to the expending of any appropriations that Congress may make thereunder. He is authorized, if Congress appropriates that much, to expend \$38,400 under subdivision 1 only in payment of the annual quota of the United States for the support of the Institute, including the quotas due from Territory of Hawaii, the Philippine Islands, Puerto Rico, and the Virgin Islands.

Subdivision 2 limits the salary expense to \$7,500. You have just amended that so as to limit it to \$5,000. That is to say, the salary of the representative stationed in Italy cannot exceed \$5,000.

The next limitation is fixed by subdivision 3, at \$5,500. These amounts added together make the total of \$48,400, which is the maximum amount authorized to be appropriated under the further limitations imposed by subdivisions 1, 2, and 3. As amended the resolution only authorizes an appropriation for the fiscal year 1934; the word "annually" has been stricken out, which would have perpetuated it. I think the House understands the very clear statement made by the chairman of the committee in which he gave positive assurance that this resolution comes to the House at the insistence of, and with the full approval of, the President of the United States. You will also find that he has communicated with other Members of the House and indicated his desire for the passage of the resolution.

If you will read the report of the Secretary of State, you will find that the appropriation here sought to be authorized will be used largely during the next fiscal year for the purpose of securing information to aid the conference that is to meet in London in June, because, he states, it is for the purpose of stabilizing the world farm conditions.

The President has delivered a message to the American people along that line, and that is why at this time I feel it is important that this authorization which he has requested be passed so that the Appropriations Committee may study what appropriations are required to meet the President's wishes; and all of that will be brought to you in detail in connection with any appropriation reported.

Mr. FISH. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. FISH. I agree with what the gentleman has said in regard to sections 2 and 3, but will the gentleman inform the House exactly how much in American dollars we must pay to participate in this thing?

Mr. OLIVER of Alabama. My information is that we are authorized to pay such sums as the treaty agreement en-

tered into in 1905 may require the United States to contribute.

Under that agreement as now interpreted, this amount cannot exceed \$38,400. That includes not only continental America, but Hawaii, the Philippines, and Puerto Rico.

Mr. LOZIER. Is it not true, as clear as the English language can make it, that of the \$48,500 authorized, \$38,000 is in payment of our treaty obligations, \$5,000 in payment of salaries, \$5,500 in payment of expenses, including traveling expenses?

Mr. OLIVER of Alabama. The Appropriations Committee will certainly place that interpretation upon this resolution, and the committee that brought in the legislation understands that that is the sole purpose of it.

Mr. BLANTON. Is it not a fact that since 1906 our quota has never yet in any year been over \$11,000?

Mr. OLIVER of Alabama. I think the gentleman is in error.

Mr. BLANTON. I mean the quota we pay them for their expenses.

Mr. OLIVER of Alabama. In years prior to 1923 there had been carried various sums, sometimes amounting to more than \$60,000.

Mr. BLANTON. But that was expenses. I got the breakdown from the Department of State.

Mr. OLIVER of Alabama. The Department of State submitted last year to the committee, I think, an itemized statement in which it was indicated that this amount would be necessary, under a resolution adopted by the institute at its last meeting, as our quota.

Mr. BLANTON. And it is \$5,400 as fixed by the institute for this year.

Mr. GRAY. Mr. Chairman, I move to strike out the last three words. I confess that I am not so much interested in striking out the last three words as I am in having the last three words. We have true economy and false economy. We have economy gestures and economy maneuvers. We have economy on small things and waste and extravagance on large things. I confess that I am growing tired and weary in this House of voting for trivial economy, and I propose to break the monotony by voting for this bill. In the meantime I realize that we are now approaching Rome, where this world agricultural institute supported by all agricultural nations of the civilized world is located, and that we must do as Rome does. I promised my constituents, acting on the advice of the exalted leaders on this side of the House, that I would vote against all so-called "gag" rules. I have voted constantly on the advice and instructions of the President and administration leaders for every gag rule in this House. [Laughter.] I have come to the conclusion that the Democrats of this House are about as inconsistent, almost, but not quite, as the Republicans of this House. The leaders in Congress on both sides of the Chamber loudly proclaim against the gag rules when they are out, but declare the virtues of so-called "gag rules" when they are in. It is largely a question of the ins and the outs.

Mr. Chairman, we are in the current of human progress. The nations are being carried on and forward like the fragments of an ice floe, seaward in advancement. Transportation, communication, and the diffusion of knowledge have brought the world together in the tide of civilization. Humanity is striving and struggling in a stream flowing upward. We cannot falter. We cannot lag or fall behind. We must keep pace with the world progress and advancement and civilization. I cannot see my way clear here today to vote to take away from agriculture the benefits of the research in the agricultural world. Belated primitive agriculture is everywhere enlisting and mobilizing in the march of chemistry and the natural sciences to promote the growth and development of plant life and animal industry.

I am not in sympathy with the program of public economy which would deny to American agriculture the benefit of world research and demonstration, coming more vital in farming and in the cultivation of the soil from day to day. The result of one experiment or one demonstration in the

eradication of plant parasites or the treatment of animal infectious diseases made available to our 40,000,000 farm population and dependents may be worth a thousand times the small pittance required here to maintain our membership in that highly developed and organized institute or research body to the farmers of a single county or an integral part of a single State.

We are maintaining costly and expensive Consular Service in every country in the world in the interest of our manufacturers, commerce, and trade. And the appropriations to maintain that service mounts up in the myriad thousands and no substantial part of which is to be withheld or withdrawn on the grounds of economy.

Farming is a great basic industry and in which more people are engaged than in any other single calling, and which, by the very nature of the occupation, the isolation and singleness of the individual operations and the want of opportunity for research by experiment and observation, and within the reach of other industries coordinated under system and organization, is without the opportunity of proper facilities open to men engaged in other trades and callings. The amount called for here is a mere grain of sand to the vast amount of money appropriated for other industries assuming higher prestige and claiming greater consideration.

But the chairman of this committee, of which I am a member, advises me and assures me that this involves a treaty obligation to maintain which in good faith as a binding obligation upon the United States, must be met. As a member of this committee I am therefore constrained and in duty bound to uphold and maintain the credit of the Nation upon its obligations. If participation in this agricultural research institute by this treaty provided for, is not a wise undertaking or of substantial advantage to American agriculture, then the treaty-making power should be importuned to withdraw from the union long adhered to and the international obligation be abrogated in proper form and in a way to maintain faith and credit in the community of nations until so terminated.

The tax burden, which we are all compelled to recognize here, prompting the strain of economy and casting its withering shadows over progress, human advancement, and civilization of the world and including this country, has resulted more from the failure and destruction of the tax-paying power, than the amount assessed and levied and appropriated for public expenditures.

When the President shall have exercised the powers conferred upon him by this Congress to expand and restore the volume and supply of money and credit, secretly contracted and withdrawn from circulation over 12 years ago by the international and manipulating bankers still maintaining their domicile and residence within the United States, and the mere announcement of which has prompted a rise of values, the price level, and the wage scale, psychologically on anticipation, the rise will be continued upward to a conservative stage, restoring the earnings and income of the people and not only the tax-paying power, but the interest-, debt-, and mortgage-paying power and the buying and consuming power.

When these powers conferred are exercised, and they must be exercised promptly and without delay to stay the rising tide of discontent and assure the public mind, and without which the advantage gained by the rise will be lost, the blight of this tax burden impoverishing and dwarfing the agencies and institutions of peace and civil life, the schools and systems of public education, the orders of benevolence and all the charities that soothe, heal, and bless, will lift, rise, and pass away like the morning mist before the noon-day sun.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, I now make a preferential motion that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out, and on that I demand recognition.

Mr. TABER. Mr. Chairman, before the gentleman begins will he yield to me for a question?

Mr. BLANTON. Certainly.

Mr. TABER. It seems from page 6 of the report upon this resolution that our treaty obligation is \$4,800 per year.

Mr. BLANTON. It should not be over \$5,400.

Mr. TABER. And for a while, from 1926 to 1929, we were paying \$11,527. The object of this bill is to increase that contribution up to \$38,000.

Mr. BLANTON. That is what they say. But I am not in favor of doing it.

Mr. TABER. No one has explained the bill and just what it means. That is what it means.

Mr. BLANTON. I cannot yield any more. In Mr. Carr's statement he says our contribution for 1930 was \$4,713; for 1931, \$4,722; for 1932, \$4,689.33; and he estimates for this year, although he has not paid it yet, \$5,400. That is our contribution. That is all on God's earth there is any law or treaty or anything else which authorizes payment by this Government.

Mr. KLOEB. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No; I regret I cannot. I have not the time.

This \$48,500 is going somewhere. Who is going to get it? They say they are going to increase this quota from what Mr. Carr says we should pay of \$5,400 to \$38,400. Why? Are you willing to increase the quota you are paying to Rome for the Italian institute from \$5,400 this year to \$38,400? Are you? Well, I am not. And I am not going to permit it to be done if I can help it. When I remember the veterans of the World War and Spanish-American War, veterans who have been on their backs having been decreased in their allowance as much as 50 percent, in cases, I cannot go home and look them in the face and say, "Boys, I had to vote to decrease you, but I voted to increase the payment to keep up the Italian institute in Rome from \$5,400 to \$38,000." That is what you are going to do. You cannot get away from it. You will have to put your approval in this RECORD today as to whether or not you are in favor of increasing the quota to Italy from \$5,000 to \$38,000, and at the same time decrease the soldier boys who brought victory back from Europe.

Mr. BLOOM. Will the gentleman yield?

Mr. BLANTON. I always yield to the gentleman from New York. He and I are good friends, if I do give him the devil once in a while.

Mr. BLOOM. I should like to have the gentleman listen to this little statement.

Mr. BLANTON. Yes. What are you going to do with this \$48,000, Sol? Tell us exactly what you are going to spend it for. Will you tell me that?

Mr. BLOOM. Yes; if the gentleman will yield. In the first place—

Mr. BLANTON. Five thousand dollars is going to the resident delegate. Five thousand five hundred dollars is going for rent, heat, and light.

Mr. BLOOM. All expenses.

Mr. BLANTON. And then five thousand for the quota. Is that right?

Mr. BLOOM. No; \$5,500.

Mr. BLANTON. How much for the quota?

Mr. BLOOM. Thirty-eight thousand four hundred dollars.

Mr. BLANTON. It is only \$5,400 this year. Are you going to increase it to \$38,000?

Mr. BLOOM. Will the gentleman let me explain it?

Mr. BLANTON. I do not think you can do it, Sol, but I will let you. [Laughter.]

Mr. BLOOM. All right. In 1906, when the quota was originally made, the franc was then worth 20 cents.

Mr. BLANTON. Oh, we know all about the franc.

Mr. BLOOM. No; you do not. Now, today—

Mr. BLANTON. Mr. Chairman, I must use the balance of my 5 minutes.

Mr. BLOOM. I will give the gentleman my time if he will allow me to explain it.

Mr. BLANTON. Very well. That is fair.

Mr. BLOOM. We have between us 10 minutes?

Mr. BLANTON. Yes.

Mr. BLOOM. Now, in 1906, as I said, the franc was worth 20 cents. In the last 4 or 5 years we have been paying at the rate of the franc according to the treaty obligation, on a 4-cent rate, and that is why we have only got—

Mr. BLANTON. I cannot yield further. I am against this bill. We must kill it and save \$48,500 annually.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. BLOOM. Mr. Chairman, I rise in opposition to the motion.

Mr. BLANTON. Now, as the gentleman took my time, let me answer his questions.

Mr. BLOOM. We are reversed now. The gentleman from Texas will come here and I will speak.

Mr. BLANTON. Now may I answer that question?

Mr. BLOOM. Yes; certainly.

Mr. BLANTON. Regardless of the fluctuation in the value of the franc, Mr. Carr said that last year, 1932, our quota was \$4,689, and under the present value of the franc for this year, 1933, our quota is \$5,400, which has not yet been paid; and yet the gentleman from New York [Mr. BLOOM] says we are just going to increase that \$38,400 as a gratuity to the Italian Government.

Mr. BLOOM. Now, the gentleman from New York will try to answer the gentleman from Texas. We are paying according to the old rate of the franc. Because we have not been participating wholly in this convention, we have continued to take advantage of the treaty obligation at that time. But since that time, since 1906, we have entered into a new contract for the 48 States and the insular possessions, which makes the contribution 192,000 gold francs that we are obligated to pay at the present rate. The present rate on 192,000 gold francs is \$38,400.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BLOOM. In just a second.

We must pay \$38,400.

Now, I should like to call the attention of the gentleman from Texas [Mr. BLANTON] to a telephone message which just reached the committee from Mr. Carr.

If Mr. BLANTON discusses further information received by him from the Department of State about expenditures for the institute, I suggest you request that he read the letter to the House, and any statement that may have accompanied it. In his debate of yesterday he misstated facts that were communicated to him.

That is, Mr. Carr says the gentleman from Texas [Mr. BLANTON] should read all of the statement and not part of the statement.

Mr. BLANTON. I challenge that purported statement from Mr. Carr, and I challenge any Member here to produce such an assertion signed by him. I know that Mr. Carr would not sign such an assertion. Every quotation I made yesterday from his letter was absolutely correct, and I have his letter here to prove it. I challenge him or anyone else to show any misquotation. He cannot do it to save his life.

Mr. BLOOM. I am only reading the message that Mr. Carr sent.

Mr. BLANTON. You have no such statement signed by Mr. Carr. I challenge you to produce such a one over his signature. Here is the letter from Mr. Carr dated May 17, 1933, and if you will compare it with the quotations I made from it yesterday, now in the Record, you will see that I did not misquote him in any particular. He cannot show a single quotation that is incorrect. He cannot do it to save his gizzard. [Laughter.]

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. TABER. If we had a treaty obligation that required us to pay \$38,000 there would be no possible need for legislation such as this.

Mr. BLOOM. I beg the gentleman's pardon. We cannot pay under the treaty without appropriation.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. ALLGOOD. The gentleman says we agreed to pay in gold. If there has been this much increase we better pay in silver. We would better go on the silver standard.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. BOILEAU. There has been a good deal of talk on the floor about junkets. As I understand from the recent developments in the discussion on the floor, no money is provided for the sending of an American delegate over there.

Mr. BLOOM. I should like for those Members to rise who do not think that \$5,500 includes every expense over there.

Mr. BOILEAU. No money is provided in this bill for the sending of any delegates over there from this country.

Mr. BLOOM. Not at all. Five thousand five hundred dollars pays for the representative and his expenses. That is why the gentleman from Texas withdrew his amendment.

Mr. BLANTON. I withdrew my amendment because I would rather kill the bill than to amend it. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. BLANTON. What do they mean in this report where they made the statement in regard to the spending of this \$68,000 and \$29,000, that it was for the "sending of delegations to the biennial meetings of the general assembly"?

Mr. BLOOM. That does not mean going from this country.

Mr. FISH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FISH. Would it be in order at this time to move to recommit this resolution back to the committee?

The CHAIRMAN. A motion to recommit is not in order in the Committee of the Whole House on the state of the Union. The rule under which the Committee is operating provides for one motion to recommit after the Committee goes back into the House.

Mr. FISH. Is it in order to move to strike out the last word?

The CHAIRMAN. Such a motion is not in order now, because there is pending a motion to strike out the enacting clause.

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent to proceed for 1 minute for the purpose of asking a question of the gentleman from New York.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BOILEAU. I ask the gentleman from New York if it is not a fact that the \$38,000 would be spent for the purpose of carrying out our treaty obligations; and that if we are to comply with our treaty obligations it is necessary to spend the entire \$38,000?

Mr. BLOOM. Not a penny of that amount will be spent for any other purpose than that of carrying out our treaty obligations.

The CHAIRMAN. The question is on the motion of the gentleman from Texas that the Committee do now rise and report the joint resolution back to the House with the recommendation that the enacting clause be stricken out.

The question was taken; and on a division (demanded by Mr. McREYNOLDS) there were—ayes 99, noes 79.

Mr. McREYNOLDS. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. McREYNOLDS and Mr. BLANTON.

The Committee again divided; and the tellers reported that there were—ayes 92, noes 84.

So the motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration House Joint Resolution 149, had directed him to report the same back to the House with the recommendation that the enacting clause be stricken out.

The SPEAKER. The question is on the recommendation of the Committee of the Whole House on the state of the Union that the enacting clause be stricken.

Mr. BLANTON. Mr. Speaker, on that I move the previous question.

The previous question was ordered.

Mr. McREYNOLDS. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BLOOM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLOOM. To strike out the enacting clause how does a Member vote?

The SPEAKER. Those desiring to strike out the enacting clause will vote "yea"; those opposed to striking out the enacting clause will vote "nay."

The question was taken; and there were—yeas 144, nays 131, answered "present" 1, not voting 154, as follows:

[Roll No. 44]

YEAS—144

Abernethy	Dear	Knutson	Richards
Adair	Deen	Kocialkowski	Rogers, Mass.
Allen	Dies	Lambertson	Rogers, N.H.
Allgood	Dobbins	Lamneck	Rogers, Okla.
Almon	Dockweiler	Lanham	Sanders
Arens	Dondero	Larrabee	Schaefer
Bailey	Dowell	Lehibach	Schuetz
Beam	Duffey	Lehr	Sears
Blanton	Durgan, Ind.	Lemke	Secrest
Boland	Eaton	Lloyd	Seger
Bolton	Elcher	Ludlow	Smith, Wash.
Bulwinkle	Eltse, Calif.	Lundeen	Snell
Burch	Evans	McClintic	Stalker
Burnham	Farley	McDuffie	Strong, Tex.
Busby	Fernandez	McFadden	Stubbs
Cady	Fletcher	McFarlane	Swank
Cannon, Mo.	Fuller	McMillan	Taber
Carpenter, Kans.	Fulmer	Major	Tarver
Carter, Calif.	Gasque	Mapes	Taylor, Tenn.
Carter, Wyo.	Glover	Marshall	Terrell
Cartwright	Goodwin	May	Thom
Caviochia	Green	Meeks	Thomason, Tex.
Chapman	Gregory	Merritt	Thompson, Ill.
Chase	Griswold	Millard	Thurston
Christianson	Hancock, N.Y.	Montet	Traeger
Claborn	Hart	Moran	Turpin
Clarke, N.Y.	Higgins	Mott	Umstead
Cochran, Mo.	Hoepfel	Musselwhite	Utterback
Cochran, Pa.	Holmes	Parker, N.Y.	Vinson, Ky.
Coffin	Hooper	Parsons	Wadsworth
Colmer	Hope	Peterson	Warren
Crosby	Howard	Polk	Weideman
Cross	Jenckes	Powers	Whitley
Culkin	Jenkins	Ramsay	Wigglesworth
Cummings	Johnson, Minn.	Ransley	Wilcox
Darrow	Johnson, Okla.	Reece	Wolcott

NAYS—131

Ayers, Mont.	Dunn	Kopplemann	Rayburn
Beiter	Eagle	Kramer	Reilly
Biermann	Ellzey, Miss.	Kvale	Robertson
Bland	Fiesinger	Lambeth	Robinson
Bloom	Fitzgibbons	Lozier	Romjue
Bolleau	Fitzpatrick	Luce	Ruffin
Boylan	Ford	McCarthy	Sabath
Brennan	Gilchrist	McGrath	Schulte
Brown, Ky.	Goldsborough	McGugin	Scrugham
Brown, Mich.	Gray	McKeown	Shallenberger
Brumm	Greenwood	McReynolds	Shannon
Buchanan	Griffin	Mansfield	Simpson
Buck	Hancock, N.C.	Martin, Colo.	Sinclair
Byrns	Hastings	Martin, Oreg.	Sisson
Caldwell	Henney	Mead	Snyder
Carden	Hildebrandt	Mitchell	Spence
Cary	Hill, Ala.	Monaghan	Steagall
Castellow	Hill, Knute	Murdock	Studley
Church	Hill, Samuel B.	Nesbit	Taylor, Colo.
Condon	Hollister	O'Connell	Turner
Connery	Hughes	Oliver, Ala.	Vinson, Ga.
Cooper, Tenn.	Imhoff	Oliver, N.Y.	Wallgren
Cox	Jacobsen	Owen	Wearin
Cravens	Johnson, Tex.	Parks	Weaver
Crosser	Jones	Patman	Welch
Crowe	Kahn	Peavey	Werner
Crump	Kee	Perkins	West, Ohio
Dingell	Keller	Pierce	West, Tex.
Dirksen	Kelly, Ill.	Pou	Whittington
Disney	Kelly, Pa.	Prall	Whitrow
Doxey	Kerr	Ragon	Woodrum
Driver	Kloebe	Ramspeck	Zioncheck
Duncan, Mo.	Kniffin	Rankin	

ANSWERED "PRESENT"—1

Fish

NOT VOTING—154

Adams	Bacharach	Berlin	Browning
Andrew, Mass.	Bacon	Black	Brunner
Andrews, N.Y.	Bakewell	Blanchard	Buckbee
Arnold	Bankhead	Boehne	Burke, Calif.
Auf der Heide	Beck	Britten	Burke, Nebr.
Ayres, Kans.	Beedy	Brooks	Cannon, Wis.

Carley	Gambrill	Lewis, Colo.	Shoemaker
Carpenter, Nebr.	Gavagan	Lewis, Md.	Sirovich
Celler	Gibson	Lindsay	Smith, Va.
Chavez	Gifford	McCormack	Smith, W.Va.
Clark, N.C.	Gillespie	McLean	Somers, N.Y.
Colden	Gillette	McLeod	Stokes
Cole	Goss	McSwain	Strong, Pa.
Collins, Calif.	Granfield	Maloney, Conn.	Sullivan
Collins, Miss.	Guyer	Maloney, La.	Sumners, Tex.
Connolly	Haines	Marland	Sutphin
Cooper, Ohio	Hamilton	Martin, Mass.	Sweeney
Corning	Harlan	Miller	Swick
Crowther	Harter	Milligan	Taylor, S.C.
Cullen	Hartley	Montague	Tinkham
Darden	Healey	Morehead	Tobey
Delaney	Hess	Moynihan	Treadway
De Priest	Hoidale	Muldowney	Truax
DeRouen	Hornor	Norton	Underwood
Dickinson	Huddleston	O'Brien	Waldron
Dickstein	James	O'Connor	Walter
Ditter	Jeffers	O'Malley	Watson
Doughton	Johnson, W.Va.	Palmisano	White
Douglass	Kemp	Parker, Ga.	Willford
Doutrich	Kennedy, Md.	Pettengill	Williams
Drewry	Kennedy, N.Y.	Peyser	Wilson
Edmonds	Kenney	Randolph	Wolfenden
Englebright	Kinzer	Reed, N.Y.	Wolverton
Faddis	Kleberg	Reid, Ill.	Wood, Ga.
Flannagan	Kurtz	Rich	Wood, Mo.
Focht	Lanzetta	Richardson	Woodruff
Foss	Lea, Calif.	Rudd	Young
Foulkes	Lee, Mo.	Sadowski	
Frear	Lesinski	Sandlin	

So the recommendation of the Committee of the Whole House on the state of the Union that the enacting clause be stricken was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Tobey (for) with Mr. Bakewell (against).
 Mr. Edmonds (for) with Mr. Maloney of Connecticut (against).
 Mr. Ditter (for) with Mr. Rudd (against).
 Mr. Rich (for) with Mr. Lesinski (against).
 Mr. Muldowney (for) with Mr. Johnson of West Virginia (against).
 Mr. Connolly (for) with Mr. Adams (against).
 Mr. Bacharach (for) with Mr. Cullen (against).
 Mr. Wolverton (for) with Mr. Kenney (against).
 Mr. Hartley (for) with Mr. Flannagan (against).
 Mr. Wolfenden (for) with Mr. Richardson (against).
 Mr. Doughton (for) with Mr. Sadowski (against).
 Mr. McLean (for) with Mr. Walter (against).
 Mr. Beck (for) with Mr. Delaney (against).
 Mr. Doutrich (for) with Mrs. Norton (against).
 Mr. Waldron (for) with Mr. O'Connor (against).
 Mr. Kinzer (for) with Mr. Corning (against).
 Mr. Swick (for) with Mr. Harlan (against).
 Mr. Goss (for) with Mr. Sandlin (against).
 Mr. Crowther (for) with Mr. Kleberg (against).
 Mr. Treadway (for) with Mr. Bankhead (against).
 Mr. Watson (for) with Mr. McCormack (against).
 Mr. Bacon (for) with Mr. Lindsay (against).
 Mr. Gibson (for) with Mr. Sullivan (against).
 Mr. Hess (for) with Mr. O'Brien (against).
 Mr. Britten (for) with Mr. Morehead (against).
 Mr. Collins of California (for) with Mr. Burke of Nebraska (against).

Until further notice:

Mr. Carley with Mr. Martin of Massachusetts.
 Mr. Auf der Heide with Mr. Andrews of New York.
 Mr. Drewry with Mr. Moynihan.
 Mr. Berlin with Mr. Guyer.
 Mr. Foulkes with Mr. Reed of New York.
 Mr. Brooks with Mr. Stokes.
 Mr. Smith of West Virginia with Mr. Andrew of Massachusetts.
 Mr. Ayres of Kansas with Mr. Cooper of Ohio.
 Mr. Peyser with Mr. Strong of Pennsylvania.
 Mr. Gavagan with Mr. De Priest.
 Mr. Celler with Mr. Focht.
 Mr. Milligan with Mr. Tinkham.
 Mr. Black with Mr. Beedy.
 Mr. Cannon of Wisconsin with Mr. Englebright.
 Mr. Collins of Mississippi with Mr. McLeod.
 Mr. Dickinson with Mr. Kurtz.
 Mr. Douglass with Mr. James.
 Mr. Dickstein with Mr. Willford.
 Mr. Maloney of Louisiana with Mr. Frear.
 Mr. Arnold with Mr. Buckbee.
 Mr. Kemp with Mr. Reid of Illinois.
 Mr. Chavez with Mr. Foss.
 Mr. Boehne with Mr. Shoemaker.
 Mr. DeRouen with Mr. Woodruff.
 Mr. Lewis of Maryland with Mr. Blanchard.
 Mr. Brunner with Mr. Gifford.
 Mr. Carpenter of Nebraska with Mr. Harter.
 Mr. Haines with Mr. Taylor of South Carolina.
 Mr. Wilson with Mr. Miller.
 Mr. Jeffers with Mr. Kennedy of Maryland.
 Mr. Marland with Mr. Hamilton.
 Mr. Lea of California with Mr. Healey.
 Mr. Browning with Mr. Faddis.
 Mr. Clark of North Carolina with Mr. Wood of Missouri.
 Mr. Cole with Mr. Lanzetta.
 Mr. Sirovich with Mr. Darden.
 Mr. Sweeney with Mr. Gillette.

Mr. Granfield with Mr. Kennedy of New York.
 Mr. McSwain with Mr. Hoidale.
 Mr. Horner with Mr. Lewis of Colorado.
 Mr. Huddleston with Mr. Randolph.
 Mr. Gambrill with Mr. Parker of Georgia.
 Mr. O'Malley with Mr. Young.
 Mr. Pettengill with Mr. White.
 Mr. Smith of Virginia with Mr. Burke of California.
 Mr. Sumners of Texas with Mr. Underwood.
 Mr. Sutphin with Mr. Wood of Georgia.

Mr. DOBBINS. Mr. Speaker, my colleague, the gentleman from Illinois [Mr. GILLESPIE], is away from the chamber this afternoon on important business and asked me to announce that if he were present he would vote yea upon this motion.

Mr. BYRNS. Mr. Speaker, the gentleman from Delaware [Mr. ADAMS] is unavoidably absent today on account of important business—

Mr. CANNON of Missouri. Mr. Speaker, I make a point of order—

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for one half minute.

Mr. BLANTON. Until the vote is announced, I object, Mr. Speaker. I have no objection to the gentleman's being heard, but the vote ought to be announced first.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. BLANTON. I object, Mr. Speaker, until the vote is announced.

Mr. FISH. Regular order, Mr. Speaker.

The result of the vote was announced, as above recorded.

On motion of Mr. BLANTON, a motion to reconsider the vote by which the recommendation of the Committee of the Whole House on the state of the Union was agreed to was laid on the table.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for one half minute.

Mr. CANNON of Missouri. Mr. Speaker, reserving the right to object, is it for the purpose of announcing how some Member would have voted?

Mr. BYRNS. How some Members would have voted and at their personal request when they are absolutely unable to be present.

Mr. CANNON of Missouri. I very much regret it, Mr. Speaker, but it is contrary to the rules and practices of the House, and, therefore, I am constrained to object.

Mr. BYRNS. Then I want the RECORD to show that I made the request for the gentleman from—

Mr. CANNON of Missouri. I make the point of order, Mr. Speaker, that the gentleman is out of order. The gentleman was not recognized for that purpose and he cannot put that in the RECORD. We should observe the rules of the House.

The SPEAKER. The Chair sustains the point of order.

SECURITIES BILL

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that I may have until 12 o'clock tonight to file a conference report on the securities bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

REGULATION OF BANKING

Mr. COX. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 150 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5661, a bill to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with

such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. COX. Mr. Speaker, this is simply an open rule for the consideration of the Steagall bank-deposits guaranty bill. I do not know of any request for time, and I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. CANNON of Missouri in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill which the Clerk will read.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. Under the rule the gentleman from Alabama [Mr. STEAGALL] has 2 hours and the gentleman from Massachusetts [Mr. LUCE] has 2 hours.

Mr. STEAGALL. Mr. Chairman—

Mr. PATMAN. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. PATMAN. Those of us who are opposed to some provisions of the bill would like to have some time. I hope the gentleman will allot us at least 1 hour.

Mr. STEAGALL. The rule provides for 4 hours' debate, one half to be controlled by me and one half by the ranking Member on the minority side [Mr. LUCE]. I will do the best I can, but of course there are members of the committee who will want time.

Mr. PATMAN. Does not the gentleman think that the opponents should be allowed time?

Mr. STEAGALL. Oh, yes.

Mr. PATMAN. And will not the gentleman allow us at least an hour?

Mr. STEAGALL. I cannot promise any definite allotment now.

Mr. PATMAN. How about yielding us 45 minutes on each side?

Mr. STEAGALL. There ought not to be any difficulty about the distribution of time. I do not want to be bound by any definite arbitrary agreement. I do not expect to use a great deal of time myself, and I do not know that any member of the committee wants to use much time. I feel sure that the gentleman can be accommodated, and I will endeavor to see that that is done.

Mr. PATMAN. Will the gentleman assure us that he will give us 1 hour of the time?

Mr. STEAGALL. I cannot assure the gentleman of any definite amount of time.

Mr. KELLER. Then the committee has the power and will use all the time.

Mr. STEAGALL. I do not think it will do that. I think we can adjust that.

Mr. KELLER. I want to be for the bill, and strongly for it, but I want an opportunity to debate it.

Mr. STEAGALL. I recognize that everybody is more or less exhausted. I certainly am, and I believe all will agree that we should save as much time as we can in the hope of completing the work of the present session in accordance with the plans contemplated by the leaders of the two Houses.

I am willing to bear my part of the burden in order that we may save the time of the House. It is for this reason that I desire to go forward with the debate on the bank reform bill at this late hour.

Mr. SEGER. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. SEGER. Can the gentleman tell us when it is contemplated that the session will adjourn?

Mr. STEAGALL. I will say that it is hoped that we shall be able to finish and adjourn in a few days. I share that view and that hope.

The bill before the House embodies substantially the main provisions of the measure passed in the former session of Congress by the Senate, known as the "Glass bill", and which failed of passage in the House, and the main provisions of the bank-deposit or insurance measure which I had the honor to introduce and which passed the House in the former session of Congress, and which failed of passage in the Senate. A great amount of labor has been expended in connection with those two propositions. The Glass bill, to which I have referred, was the subject of extended hearings in the Senate and exhaustive study and discussion. The measure finally passed that body without serious opposition. It was referred to by the President of the United States during the former session of Congress with approval and commendation. It has been carefully gone over during this session in frequent conferences between Members of the Congress and the administration.

I am sure every Member of the House recognizes the great responsibility that rests at this hour upon every man in a position of financial leadership or who has assumed important official duties with the Government at Washington. I shall not review the distressing experience which the people of the Nation have endured during recent years. These conditions involved every phase of business activity and affected all classes and all sections. Agriculture is prostrate. Industry is crushed. Trade and commerce, both domestic and foreign, have been paralyzed. Bank credit has been destroyed. Confidence has vanished and hope has been deferred until the hearts of the struggling masses are sick. These conditions culminated in the complete collapse of the banking system of the Nation, and the measure of recovery so far attained is by no means satisfactory.

It is useless to censure or to attempt to trace the blame. It is enough to know that neither our financial nor our official leadership furnished the discernment and courage to avert these unhappy developments. In the past, periods of panic and depression have been followed by legislative enactments to safeguard our people against repetition.

The great Federal Reserve Act was enacted as a result of the lessons of experience gathered from conditions that existed in 1907 and prior to that time. Under the Federal Reserve Act we experienced a period of progress and prosperity unparalleled in all our history. Under that act we financed the greatest war in all the tide of time and emerged from that conflict the financial center of the world and the dominating force in the diplomacies of mankind. Under that act credit facilities have been afforded for domestic purposes and also a large measure of the credit requirement for international trade and business.

But we seemed to forget the lessons of experience. We departed from sound banking principles. Our great banking system was diverted from its original purposes into investment activities, and its service devoted to speculation and international high finance. Our financial leaders went on a spree. They cranked up our great financial machine, charged it with high-powered gas, and soared away toward the heavens, forgetting that there would ever be need for a place to land or that a wreck awaited them. Agriculture, commerce, and industry were forgotten. Bank deposits and credit resources were funneled into the speculative centers of the country for investment in stocks operation and in market speculation. Values were lifted to fictitious levels. Call-money rates went soaring, community bankers over the Nation were lured away from normal and legitimate

channels into a maelstrom of untried and destructive activities.

Bankers engaged in extending credits for legitimate purposes, for loans in support of commerce and agriculture and for community service and the development of community life, were urged to abandon this service and place their investments in what were represented to them as sound and liquid securities. A campaign was turned on urging bankers everywhere to take out of their portfolios papers representing the collateral and the character of local citizens and to employ their facilities in investment banking, in speculation, in stock gambling, and in aid of wild and reckless international high finance.

The purpose of the regulatory provisions of this bill is to call back to the service of agriculture and commerce and industry the bank credit and the bank service designed by the framers of the Federal Reserve Act.

The purpose is to strengthen the banking structure, to establish adequate capital requirements, to provide more effective regulation and supervision, to eliminate dangerous and unsound practices, and to confine banks of deposit to legitimate functions and to separate them from affiliates or other organizations which have brought discredit and loss of public confidence. We propose to see to it that hereafter the credit facilities of the Federal Reserve System shall be devoted primarily to the purposes to which that great act was dedicated at the outset.

This bill prohibits an executive officer from borrowing from his own bank and further provides that if he borrows from another bank he must report his loan to the chairman of the board of his own bank.

The bill provides that in the case of national banks the Comptroller of the Currency, and in the case of a State member bank the Federal Reserve agent, when they find an officer of the bank continually violating the law, can certify the fact to the Federal Reserve Board. The Federal Reserve Board can summon such officer or director to show cause why he should not be removed from office. If after reasonable opportunity to be heard has been extended and the Federal Reserve Board finds such officer or director continuing to violate the law or indulging in unsound practices the Board may order his removal from office. Such hearings are to be closed to the press and to the public.

It is provided in the bill that after January 1, 1934, no officer or director of any member bank may be an official of any corporation or partnership which is engaged primarily in the business of selling securities.

After January 1, 1934, no officer or director or employee of any member bank can be an officer, director, or employee of any corporation or partnership which makes loans on stock and bond collateral to anyone other than its own subsidiaries.

The bill prohibits institutions dealing in securities and underwriting securities from accepting deposits.

Another provision of the bill restricts holding companies to the condition that if they vote stock held by them in national banks they must themselves submit to examination and make regular reports of their condition. After 5 years from the date of the passage of the act a holding company may get a permit to vote its stock permanently, but it must have other assets of 12 percent of the aggregate par value of all bank stock held. A holding company must also increase such other assets at the rate of 2 percent per annum until the other assets amount to 25 percent of the aggregate par value of all bank stock held. The shareholders of a holding company are also made liable for the double liability on the bank shares held by them.

Provision is made that 2 years after the passage of the bill member banks shall not have any security affiliates.

The bill provides that after 2 years from the date of its passage stock in a member bank cannot represent any interest in an affiliate. Affiliates of member banks are also made subject to examination.

Provision is made that affiliates of national banks must make not less than three reports a year to the Comptroller

of the Currency; such reports to be published as the bank's own statement.

National-bank examiners are authorized and empowered to examine all affiliates to determine the relation between banks and other affiliates. If within 90 days after the examination a national bank does not put into effect the recommendations of the Comptroller he is authorized to publish the report of the examination.

The bill provides that member State banks must be governed by the same provision as to buying, selling, and holding investment securities as national banks. This section is effective 2 years after the passage of the act.

Provision is made that the minimum capital for national banks shall be \$100,000 with the exception that in towns of less than 6,000 it may be \$50,000. In cities of over 50,000 population the minimum capital must be \$200,000 except in outlying districts where State banks are permitted to operate with \$100,000 capital. No State bank may be a member of the Federal Reserve System unless it has capital equivalent to that required of national banks.

The bill provides that investment in bank premises shall not exceed the capital stock of the bank.

The bill permits the Federal Reserve banks to make advances for 15 days on United States Government securities and for 90 days secured by rediscountable paper. However, if a member bank increases loans on stocks and bonds after warning, all such advances are made immediately due and the member bank is made ineligible to borrow from the Federal Reserve bank for such period as the Federal Reserve Board may prescribe.

The bill places all relationships and transactions of the Federal Reserve banks with foreign banks under the special supervision of the Federal Reserve Board.

Amendment of the Federal Reserve Act is made to provide for supervision by Federal Reserve banks to see whether any member bank is making undue use of its funds for speculative purposes. If such is found to be the case the Federal Reserve bank is empowered to suspend such member bank from the privilege of rediscounting. It also provides that only one member of a group-bank system may participate in reserve bank board nominations.

It is provided that after 1 year from the passage of the act the board of directors of any member bank must consist of not less than 5 directors or more than 25 directors. Every director must own stock in the bank of not less than \$2,000, par value.

The Federal Reserve Board is empowered to fix the percentage of capital and surplus of a member bank which may be loaned on stock and bond collateral. The duty is placed upon the Federal Reserve Board to prevent undue use of bank loans for speculative purposes.

The bill provides an open-market committee consisting of one member from each Federal Reserve district to have charge of the open-market operations of the Federal Reserve banks.

The bill has been reported by unanimous vote of the Committee on Banking and Currency of the House, and it comes before you under a rule representing the unanimous report of the Rules Committee of the House.

There are some differences between the House bill and the provisions of the Senate bill to which I have referred, but in the main they are similar. I will point out these differences, if I have time, both as to the regulatory provisions and the deposit-insurance provisions.

I think it was in 1923 that I first introduced in this House a bill to establish a system for the guaranty of bank deposits. Bills of the same kind and for the same purpose have been introduced by me in subsequent sessions of Congress. The legislation is not radical. It is not experimental. It involves the application of the principle of insurance—the most universally accepted principle known to the business life of the world.

In the Seventy-second Congress the House passed a deposits-insurance bill which I had the honor to introduce. The measure with respect to the insurance of bank deposits now before the House represents the agreed judgment, in

its main aspects, between myself and others who occupy positions of responsibility in connection with banking legislation. The bill is not just as I would have written it. It is not just as any man in either branch of Congress would have written it; but in my judgment it is the best plan for the insurance of bank deposits that has ever yet been submitted.

Mr. MAY. Will the gentleman yield for a question?

Mr. STEAGALL. I yield.

Mr. MAY. I am sure the gentleman wants to give us all the information he can. Being very much lacking in information myself, I should like to ask the gentleman a question.

Mr. STEAGALL. I am going to proceed to discuss the bill, if the gentleman will permit.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. STEAGALL. Yes; I yield.

Mr. BLANTON. Does the gentleman's bill guarantee absolutely and make secure all deposits in banks?

Mr. STEAGALL. I will be glad to discuss that.

Mr. BLANTON. If it does, I am for it; and if it does not, I am not for any make-believe bills any more.

Mr. STEAGALL. I am glad to know the gentleman's interest and his enthusiasm in support of bank-deposit guaranty legislation. The gentleman has been active in connection with efforts to secure such legislation, and has been helpful, and I am sure we shall have his aid in connection with the bill now before us. It will ultimately accomplish results that will be satisfactory to my friend.

Mr. BLANTON. Of course, there never will be any further confidence of the public in banks until their deposits are guaranteed, and they must be guaranteed absolutely.

Mr. STEAGALL. I am in full accord with the gentleman's views and with every purpose he has in mind on that subject. I am putting forth the best efforts of my life to accomplish just what he desires.

The bill creates a corporation to be administered by a board of 5 members, 1 of whom is to be selected by the Federal Reserve Board, 1 of whom will be the Comptroller of the Currency, and 3 of whom will be appointed by the President of the United States and confirmed by the Senate. The corporation will have capital stock made up as follows: \$150,000,000 to be subscribed by the Treasury of the United States. This fund covers the larger part of sums that have been paid into the Treasury by the 12 Federal Reserve banks in lieu of a franchise tax. Approximately \$150,000,000 is to be subscribed by the Federal Reserve banks, the plan requiring that each Federal Reserve bank subscribe for the capital stock of the deposit-insurance corporation in an amount equal to one half of its surplus.

National banks and member banks of the Federal Reserve System are required to subscribe for capital stock equal to one half of 1 percent of their net deposits, to be callable by the deposit-insurance corporation, and State nonmember banks are permitted to participate in the benefits of the corporation upon like conditions and like requirements—subscription to the capital stock of the corporation, equal in amount to not more than one half of 1 percent of their net deposits. In case any State nonmember bank is not permitted under the laws of the State in which it does business to subscribe for capital stock in the corporation, provision is made for the deposit of funds equal to the amount of capital that would be subscribed by a bank having the same amount of deposits, and the deposit is substituted for subscription to capital stock.

The plan provides further that whenever the funds of the corporation are diminished to an amount less than one fourth of 1 percent of the deposits of banks participating in the benefits of the insurance provisions of the bill additional assessments shall be made against all banks so participating to the amount of one quarter of 1 percent of their net deposits.

State nonmember banks are permitted to participate in the benefits of the insurance plan upon certificate of solvency issued by the proper State examining authorities, and subject to examination from time to time by examiners of the deposit-insurance corporation.

Mr. MAY. Will the gentleman yield right there? That is where my inquiry comes in, if it will not affect the gentleman's thought.

Mr. STEAGALL. I will be glad to yield to the gentleman.

Mr. MAY. On page 22 of the bill provision is made for a minimum amount of capital stock for a national bank; and on page 23 there is a provision which defines how a bank applying for membership in the Federal Reserve System may come in. In that provision it provides it must possess paid-up, unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the law.

Mr. STEAGALL. That is correct.

Mr. MAY. Therefore, no bank can become a member of the Federal Reserve System unless it has capital of a minimum of \$50,000.

Mr. STEAGALL. That is quite correct.

Mr. MAY. That being true, may I ask the gentleman if he will state whether or not there is any provision in this bill that will take care of the situation of State banks which exist by the hundred everywhere, of even \$15,000 and \$25,000 capital; whether there is some provision by which they can come in with their present existing capital?

Mr. STEAGALL. The gentleman has followed the bill with care and with intelligence, and I appreciate his interest. I wish to say to the gentleman that the requirement to which he has referred has no reference whatever to the plan for the participation of State nonmember banks in the benefits of the insurance fund. The two propositions are entirely separate and distinct. There is no limitation or requirement as to capital stock of a State nonmember seeking participation in the benefits of the deposit-insurance provision; none whatever.

Mr. MAY. I call the gentleman's attention to the language of subsection (b) of section 5138, which reads:

No applying bank shall be admitted to membership in a Federal Reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the National Bank Act, as amended.

This would prohibit a bank from becoming a member if it did not have a capital of at least \$50,000.

Mr. STEAGALL. That is quite correct.

Mr. MAY. Then, how are the State banks to receive the benefits of this act?

Mr. STEAGALL. The gentleman confuses admission into the Federal Reserve System with admission into participation in the benefits of the insurance corporation that is to be established.

Mr. MAY. In other words, the amount of the capital stock has nothing to do with State banks having their deposits guaranteed if they meet other requirements?

Mr. STEAGALL. As to State banks, let me say this: No State bank under that provision may join the Federal Reserve System unless its unimpaired capital amounts to \$50,000. But any State nonmember bank complying with the requirements which I have attempted to explain is permitted to join the corporation and participate in the benefits of the deposit-insurance fund. The requirement is that a certificate of solvency by State authorities be submitted and examination by the insurance corporation be allowed. In this connection let me say regarding the suggestion that we have discriminated against State nonmember banks, that the greatest difficulty encountered in the progress that has been made toward the passage of this legislation has been on the part of those who think we have been too liberal in permitting State nonmember banks to participate in the system for the reason that more than one half of the initial fund is made up of the earnings of the Federal Reserve banks.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield gladly to the gentleman from Texas.

Mr. BLANTON. I hope we will discriminate against some State banks and against every one of them until they make themselves absolutely safe and secure for the depositing

public. It is the public I am thinking of just now more than of any bank in the United States.

Mr. STEAGALL. I may say to my friend that the purpose of this legislation is to protect the people of the United States in the right to have banks in which their deposits will be safe. They have a right to expect of Congress the establishment and maintenance of a system of banks in the United States where citizens may place their hard earnings with reasonable expectation of being able to get them out again upon demand. [Applause.]

Mr. CARPENTER of Kansas. Mr. Chairman, will the gentleman yield for a question in connection with this matter of the guaranty of deposits?

Mr. STEAGALL. I yield; but I must be brief. I want to yield time to others.

Mr. CARPENTER of Kansas. I am friendly to the guaranty feature, because I believe the depositors should be protected. The objection is often made by bankers that such a system penalizes honest bankers for the acts of dishonest bankers. Will the distinguished chairman of the Committee on Banking and Currency give me an answer which will be a reply to this objection?

Mr. STEAGALL. There are various answers to this objection. Let me say this: I am not going to abuse the bankers. They have their difficulties, like all the rest of us, and all of them are not dishonest. The crooked banker is the exception and not the rule. They have suffered in this depression like the rest of us—at least many of them have—but they are business men. Business is conducted along selfish lines.

The leaders in the banking world in the United States have not only been forgetful and neglectful of their responsibility to the public but they have forgotten their own best interests, and many of them are reaping now in the distress that confronts them the legitimate results of their own folly and short-sightedness.

The same argument which the gentleman suggests filled the air all over this Capitol when the great Federal Reserve Act was in process of preparation. Many bankers then were so short-sighted that they imagined because they belonged to the larger class of bankers they did not need the service of the Federal Reserve banks, and so they objected to being required to join a system imposing burdens which they thought were for the benefit of others. They fought the passage of the Federal Reserve Act even more vigorously than they have opposed the efforts that have been made to pass legislation for the protection of depositors.

But, go among them now and ask if they want the Federal Reserve Act repealed and you will find there is not a man among them who would dare advocate undoing that great achievement in the interest of banking and for the support of legitimate business in the United States.

This bill seeks to establish a mutual insurance system supported and maintained by the banks themselves, in their own interests as well as for the benefit of their depositors.

Every banker applies the principle of insurance in every other line of his activities. He requires insurance at the hands of employees. He insures himself against his own negligence and mistakes. Every banker in the United States who pays a fire insurance premium pays out of his pocket to make good the loss of an insurance company caused by the fiend who burns his home. This bill simply sets up a system of mutual insurance. Bankers should have been first to advocate it, as most of them do advocate it now, because their successful operation depends upon deposits and they must have the confidence of the public to get deposits and before they can be free to employ deposits after they get them.

Mr. CARPENTER of Kansas. I thank the gentleman for his explanation.

Mr. STEAGALL. I am glad to have the gentleman's interruption.

Mr. CARPENTER of Kansas. I merely wanted the answer of the chairman of the great Banking and Currency Committee, the author of this bill, that I might answer telegrams

of my banker friends. I thank the gentleman from Alabama for his explanation.

Mr. STEAGALL. I could give the gentleman from Kansas some good advice about telegrams.

Mr. DINGELL. The gentleman is not from Michigan or he would not be getting that kind of telegrams.

Mr. CARPENTER of Kansas. I am from a State that went through the experience of the guaranty of bank deposits.

Mr. STEAGALL. I beg the gentleman's pardon, but they never went through the kind of a bank guaranty proposition that is now being considered.

Mr. CARPENTER of Kansas. No; I do not think so.

Mr. STEAGALL. No fire insurance company could succeed if all the risk were centered in one community. No bank deposits insurance plan could succeed with one State as a unit with a few weak banks to support it. But the record shows that wherever a State guaranty system has been attempted the results were gratifying so long as it commanded confidence. I should like to give the record of these attempts. I will mention the State of Texas. The law operated 16 years. No depositor lost a dollar. The increase in banks coming into the system was 72 percent and the increase in deposits amounted to 500 percent. Deposits increased from \$38,000,000 in 1910 to \$241,000,000 in 1925. There is a vast difference between what can be accomplished by a small number of banks in one State dependent upon a single crop and what can be successfully accomplished by the banking system of this great Nation that holds the financial leadership of the world in its hands. I desire to trace further the provisions of the bill under consideration.

The corporation is permitted to expand its capital in three times the amount of its capital stock. The plan for paying off deposits in a failed bank is that the corporation sets up a temporary deposit banking institution to take over the deposits and invites every citizen to come in and get his money. The corporation continues the operation of a deposit bank. The new bank serves the community as a deposit bank until plans can be put into effect for the establishment of a regular bank, and if none is established, within 2 years from the date of taking over the institution, the deposit corporation withdraws; the community is saved from the shock of a bank failure, and every citizen has been given an opportunity to withdraw his deposits.

I should like for the gentleman to read the telegrams that have poured into that office since the bank guaranty bill in the former Congress was given consideration. I can show the gentleman hundreds and hundreds of telegrams from bankers opposing bank deposit insurance legislation and go through the same files at a later date and find where the same bankers were urging the passage of such a law as indispensable to the salvation of the country.

Mr. CLAIBORNE. Will the gentleman yield there for a question?

Mr. STEAGALL. In just a moment.

Let me say further that the Reconstruction Finance Corporation which we established a little over a year ago, taking several billion dollars out of the Treasury of the United States, has never had any service to its credit that approaches that which has been rendered in saving communities from the demoralization and distress of bank failures.

That bill itself was a quasi-deposit guaranty scheme, and that is the best excuse that can be offered for the passage of that legislation opening up the Treasury for the use of private business. I invite the gentleman to take telegrams that he has received from bankers and go down to the Corporation and see how many of these bankers who are opposing this legislation have got their arms up to their shoulders in the Treasury of the United States right now in order to keep their doors open.

Mr. CARPENTER of Kansas. I thank the gentleman, and I shall do that.

Mr. STEAGALL. The gentleman will find that many of them who have been opposing this legislation have been able to keep open only because of the aid furnished them through the Reconstruction Finance Corporation.

This cannot go on forever. There is an end to what the Treasury of the United States can do. The funds that have been used by the Reconstruction Finance Corporation, if used from the outset for the protection of deposits in the banks of the United States, would have been worth a thousand times more than the service that has been rendered in other lines.

Mr. McFADDEN. Will the gentleman yield?

Mr. STEAGALL. Yes; I gladly yield.

I want to say just a word further before I forget and pass from it. I do not mean to be understood as favoring Government guaranty of bank deposits. I do not. I have never favored such a plan, but I will say to the membership of the House that the very class of bankers to which attention has been called are at this moment clamoring for the enactment of legislation to require the Treasury of the United States to underwrite the solvency of their banks and the protection of their depositors. I could give further information on this line that I am not entirely free to disclose at the moment. That is what is going on. Bankers should insure their own deposits. They should apply to their deposits the same principles of insurance that they apply to their employees and to their customers and every citizen who offers to pledge his property as security.

Mr. CLAIBORNE. Do the sound, conservative bankers of the country wire the gentleman that they want this insurance—not those fellows who were gambling, but the sound, conservative bankers?

Mr. STEAGALL. Can the gentleman give me a list of them? Many people have come to doubt that we have such banks. Of course, there are many sound banks under safe management. I presume all that opened after the 4th of March are all right.

Mr. CLAIBORNE. I would say that the Chemical National in New York today is a sound, conservative bank that does not want insurance, and whose depositors do not want it, and there are many others.

Mr. STEAGALL. I am not going to discuss individual banks but I want to tell you that the entire banking structure of the United States was dragged down by a few city banks. That is a matter of history.

It was my privilege to sit in a conference at the Treasury on the 5th of March, in which the high lights of the banks of the country were gathered. In that hour of distress there was no serious dissent from the suggestion that we must have insurance of bank deposits before we may expect complete recovery of business in the United States.

I invite the gentleman to come to my office and let me read him some of my files and see how the banks which he has in mind stand now on the proposition of protection of bank deposits. If the bank to which he refers does not favor it, it is different from its neighbors. I am not quite free to disclose all the information I have in this connection.

Mr. McFADDEN. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. McFADDEN. I have been an interested listener in the gentleman's statement, especially with reference to the guaranty of deposits. But there are other features in the bill, particularly in that all-important section of affiliates and further extending the power of the Federal Reserve System in the control of and maintenance of credit exclusively as provided for in this bill.

Mr. STEAGALL. Exclusive in what way?

Mr. McFADDEN. There is a section in the bill which provides that the Federal Reserve System shall control money that is loaned the speculative markets—practically preempts the right to loan for speculative purposes. I know that is for the purpose of curtailing it, but I also recollect that there was authority in the Federal Reserve Act for supervision by the Federal Reserve Board and they yielded to the dictation of the big banks.

Mr. STEAGALL. The regulatory provisions in the bill are designed to cure that. There are multitudinous provisions imposing restrictions and limitations and requiring the Federal Reserve Board to carry out the purpose, and to

require that the facilities of the banks shall be devoted entirely to legitimate purposes.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. WEIDEMAN. The Chemical National Bank has been mentioned. I want to call attention to the fact that on page 5, section 4, they are asking for the Morris Plan banks, and the Chemical Bank controls the Morris Plan banks.

Mr. STEAGALL. These banks loan in small amounts and upon personal security. They count character in considering collateral. I see no objection to admitting them into the Federal Reserve System. I will say to the gentleman from Pennsylvania that I have not discussed some of the provisions of the bill at length for the reason that I do not wish to take unnecessary time and because of my greater interest in other sections of the measure. There will be ample time under the 5-minute rule to consider every section of the bill.

The business of this country is conducted with bank credits, not by the use of currency. Ninety-five percent of it is done with bank credits. The Banking and Currency Committee reported and the House passed a currency expansion and stabilization measure last year. I had a part in that. I refer to the Goldsborough bill. I favor expansion of the currency within sound limits under constructive control. But we cannot place enough currency in actual circulation to conduct the business of this country that has been supported by the use of bank credits. Bank credits have declined from 1929 to one half what they were at that time. Bank deposits have shrunk in proportion. Three fourths of the currency in circulation or supposed to be in circulation in the United States is in hoarding. Over a billion dollars of it is in hoarding now in postal savings, which cannot be withdrawn except by substitution of liquid paper. It is in practical effect hoarded—

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I cannot yield any more. I am sure the gentleman will appreciate the situation which forces me to decline to yield. We cannot supplant the service rendered by the use of bank credits. We cannot have a normal use of bank credit in the United States until people are willing to put their deposits in banks. Deposits constitute the basis for bank credit, and bankers can never be free to extend credit accommodations for the support of trade and commerce until they are permitted to retire at night without fear of mobs at their doors the next morning demanding cash for their deposits.

The proof is indisputable that bank-deposits guaranty, if conducted in accordance with established rules and principles of insurance, can easily be made effective at a cost easily borne.

Our national banking system is 70 years old this year. The law creating it became effective in 1863, and in the first year of its existence there were 68 national banks chartered. The system has grown in numbers through the years until now there are more than 6,000 national banks in operation.

Let us see what the cost would have been if the National Banking Act, which was first passed 70 years ago, had provided for the insurance of deposits along the lines of the legislation now pending before the Congress. It is simply a question of mathematics. The record shows that the total net losses to depositors in the national banks for the first 45 years of the national banking system amounted in round figures to only about \$45,000,000—about \$750,000 a year. The Comptroller of the Currency testified before the House Banking and Currency Committee that the total net losses to depositors of national banks from the foundation of the system down to 1930 amounted to only \$82,000,000. For each of the 70 years on an average there have been in operation 4,579 national banks, and the aggregate deposits of all the national banks for the average year has amounted to \$5,118,277,000. Thus we see the deposits in national banks have averaged \$1,118,000 per bank a year for the 70-year period.

During these 70 years 2,057 national banks have suspended business—an average of 30 banks a year; the deposits in these closed banks have aggregated \$1,406,336,000 altogether, or an average of \$20,100,000 a year.

The records show that more than 67 percent of the deposits in closed banks for the past 70 years have been converted into cash, and, after paying all expenses of liquidation, have been distributed in dividends to depositors, so that the amount that would have been required to make good all losses to depositors would be less than 33 percent of the total deposits in closed banks.

Figuring the cost at 35 percent, it would have required \$492,218,000 altogether to have made good all the losses of all the depositors in every national bank that has closed its doors since national banks were first created, or an average of \$7,035,000 a year for the 70-year period. Thus the actual cost to the banks of paying all depositors in closed national banks would have averaged fourteen one-hundredths of 1 percent of the average annual deposits of banks.

It may be said that the losses in closed national banks have been much greater on an average in the last few years than during the whole 70-year period of national banking history; and there is support for this argument.

When the Federal Reserve Act was passed in 1913 the measure as passed by the Senate contained a deposit-insurance provision. It was offered by the illustrious John Sharp Williams, of Mississippi.

This provision was stricken out in conference between the House and the Senate.

The chief argument against the provision was that Federal Reserve banks were not to become money-making institutions and would not be prepared to assume the burdens involved in insurance of deposits.

The record shows that contrary to expectations the Federal Reserve banks have made more than \$1,000,000,000 gross profits and over \$500,000,000 net profits.

Let us see what the cost of insurance of all deposits would have been if the Federal Reserve Act had provided for deposit insurance. Since the Federal Reserve Act became effective in 1915 there have been in operation each year an average of 8,102 national banks, and their deposits have averaged \$12,001,700,000 annually, or \$1,481,000 for each member bank. During these 18 years, 1,631 national banks have suspended business, or an average of 90 banks a year, and the deposits of these closed banks have averaged \$66,087,000 a year. The losses in these failed banks, figured at 35 percent of their total deposits, have amounted to \$416,311,000 for the 18-year period, or \$23,128,390 yearly average, or 2,854 per average active national banks a year.

Thus, the cost of insuring the deposits in all national banks during the past 18 years would have amounted to nineteen one-hundredths of 1 percent of the average annual deposits of these banks.

Let us see what the cost would have been in the very worst year in the history of our banking system. During the year 1931 there were 409 national banks closed having deposits at the date of suspension aggregating \$439,171,000. Both the number and the aggregate deposits for the year 1931 were more than double those of any other year in our history. Yet, figuring the losses at 35 percent of the aggregate deposits, the cost of insuring all the deposits in all national banks even in 1931 would have been \$153,710,000, or seven tenths of 1 percent of the deposits of the national banks. Nothing can be more certain than that if the deposits in banks had been adequately protected by insurance the number of failed banks, as well as losses of depositors would have been enormously reduced. But even if the cost of deposit insurance should be as great in the future as it has been during the past 70 years, or during the past 18 years, or even during the terrible record-breaking year of 1932, its cost would not be an expense to the banks but an excellent investment saving for them in enhanced profits many times the cost.

So far I have dealt with the history of the deposit losses in national banks. I think the figures demonstrate that it would not be difficult to establish a satisfactory system of

of insurance of deposits in national banks. I am aware that there is a popular impression that the problem of deposits insurance is much greater in connection with State banks than national banks. Such is not the fact. A much larger number of State banks have been thrown into liquidation, but that does not supply the real test. The comparative difficulties of the problem as it relates to the two systems can only be disclosed by examination of the amount of deposits and a comparison of final losses to depositors. The total amount of deposits in nonmember banks that closed during the 11-year period from 1921 to 1931, inclusive, is less than the total deposits in member banks that failed during that time. In this connection it should be borne in mind that the amount of deposits in nonmember banks during this period was far in excess of average deposits in member banks of the Federal Reserve System.

During the period to which I have referred deposits in member banks amounted to \$753,000,000 and deposits in nonmember banks that failed amounted to \$957,000,000, but in member banks reopened there were only \$119,000,000 of deposits and in nonmember banks reopened there were \$344,000,000 of deposits. So we find that in member banks liquidated there were \$614,000,000 of deposits and in nonmember banks liquidated only \$613,000,000.

State banks have rendered inestimable service in support of the Nation's trade and commerce, and in the promotion of community interests and the development of community life. Any plan established for the insurance of bank deposits should embrace deposits in State banks, regardless of membership in the Federal Reserve System. I heartily agree that they should be encouraged in seeking admission into the System, but we should not resort to coercion or discrimination in order to drive them into the System. The administration of the System should be such as to induce increased membership.

In the figures just presented it is assumed that the number of closed banks would be just as large and the amount of deposits and losses to depositors just as great under a system of bank-deposits insurance as they have been without deposits insurance. Certain it is that if deposits had been protected by insurance the number of failures and the amount of losses would have been enormously diminished.

The argument is urged against insuring bank deposits that it would be a premium on bad banks. Well, certainly the records abundantly prove that the system of noninsurance of bank deposits which we have had in vogue has resulted in unsafe banking, with disastrous consequences both to bankers and the public.

It is bad enough to have bank failures resulting from crookedness or insolvency; it is absolutely inexcusable that solvent banks should fail because of loss of confidence causing runs on banks. Worst of all, bankers are swept into a state of fear which results in a form of hoarding by banks vastly more serious in consequences than that which comes from hoarding by individuals.

It is estimated that banks now have available billions of dollars of collateral for use in extending loans, but the plain fact is that for more than 3 years bankers have given little thought to anything except to keep their banks in liquid condition. Who can blame them? A banker's first duty is to his depositors. Common honesty, as well as every dictate of self-interest, suggests that he give first thought to them. The fear that grips the minds and hearts of bankers, keeping ever before them the nightmare of bank runs, makes it impossible for them to extend the credits that are indispensable to trade and commerce. The same fears seize every investor and business man, great and small, and leave him without the courage to borrow from banks or to invest for increasing employment and enlarging the buying power of the public.

President Roosevelt in his inaugural address spoke the truth when he declared that fear is the underlying cause of our present economic difficulty. We must banish this fear if we are to put an end to the depression. The one indispensable remedy is insurance of bank deposits. Bankers

should be the first to support this great reform—they owe it to their depositors, to their country, and to themselves.

Much has been said of the distress and suffering caused depositors; of citizens and their families thrown out of their homes; of women and children suffering from lack of hospitalization; of loss of savings representing the sacrifice and toil of a lifetime to shelter old age from want—all resulting from bank failures.

I want to say a word for bankers, thousands of whom have gone down in the wreck of these recent years, with fortunes swept away, many of them men of ability and of highest integrity, who, in spite of strict observance of rules of business, tested and accepted as wise during the experience of half a century, have seen institutions representing the pride and ambition of a lifetime wiped out overnight; and worst of all, the love and confidence of their neighbors and friends turned into distrust and censure.

The officers of such an institution are stigmatized by public opinion as criminals, or as reckless incompetents who have brought untold injury and suffering to innocent people.

Bankers insure their homes for the reason that no husband or father can rest contented so long as there is danger of having his home destroyed by fire and his family left without shelter. Any father who has lived through the experiences which I have depicted would a thousand times rather have his family suffer any material loss than to have the son who is to bear his name victimized by the record of a father responsible for the management of a bank that failed with enormous losses to the depositing public of his community.

We may talk about percentage of gold back of our currency, we may discuss technical provisions of legislation touching affiliates, investments, open-market operations, group banking, chain banking, and branch banking. The public does not understand these technical discussions, but from one end of this land to the other the people understand what we mean by guaranty of bank deposits; and they demand of you and me that we provide a banking system worthy of this great Nation and banks in which citizens may place the fruits of their toil and know that a deposit slip in return for their hard earnings will be as safe as a Government bond. [Applause.]

They know that banks cannot serve the public until confidence is restored, until the public is willing to take money now in hiding and return it to the banks as a basis for the expansion of bank credit. This is indispensable to the support of business and the successful financing of the Treasury. It will bring increased earnings, higher incomes, and make it possible to balance the Government's Budget without resort to vicious and vexatious methods of taxation. We must have this great reform, the sooner the better. Now is the time of all times to bring to pass this great achievement. The sooner it comes the quicker we shall begin to move along the way that leads from darkness and despair into the gladsome light of prosperity and happiness. [Applause.]

DIVISION OF TIME

Mr. PATMAN. Mr. Chairman, I thought we would have a little more time for the opposition than 10 minutes each. Three or four of us would like to speak in opposition to certain provisions of the bill. We fortified ourselves to the extent that I appeared before the Committee on Rules asking for a liberal time. The Rules Committee extended the time of general debate to 4 hours. I thought it was with the understanding that we would have a liberal division of that time. Of course the gentleman from Alabama is in charge of the time, and he has necessarily had to take quite a considerable portion of it to explain the bill. Yet we would like to have more time than 10 minutes apiece, I will say to the gentleman. I am particularly anxious that the gentleman from Michigan [Mr. WEIDEMAN] and the gentleman from Illinois [Mr. KELLER] be allowed time in opposition to certain portions of the bill.

6,000 NATIONAL AND 12,000 STATE BANKS

In regard to the guaranty feature of the bill, we have 6,000 national banks in the United States and 12,000 State

banks, twice as many State banks as we have national banks.

This bill proposes to insure deposits of national banks only, and 858 State banks that are members of the Federal Reserve System. If this bill becomes law, those banking institutions, regardless of their solvency or insolvency, automatically become a part of this deposit-guaranty system. All State banks will necessarily not only have to get a certificate of solvency from the banking supervisor of the respective State, but application must be made to this deposit-guaranty committee, an investigation will have to be made as to solvency, and then the board that is appointed by the President will have to pass upon the question as to whether or not the State bank in question will be permitted to come within the terms of this law and have its deposits protected.

STATE BANKS AT DISADVANTAGE

I venture to say that not one third of the State banks of the United States can make the showing that will be necessary to come within the terms of this law. If that be true, instead of helping the depositors of this Nation you are going to cause the closing of four, five, six, or seven thousand State banks in this country. That would be more injurious than it would be helpful.

Mr. SNELL. Will the gentleman yield for a short question?

Mr. PATMAN. Just for a question.

Mr. SNELL. How do the deposits in the 12,000 State banks compare with the deposits in the national banks?

Mr. PATMAN. I do not know how they compare, but the depositor who only has \$100, if that is all the money he has, loses his all in a bank failure just the same as the man who has \$10,000 on deposit.

Mr. SNELL. I am wondering as to the amount of banking business as between the two kinds of institutions.

Mr. PATMAN. I do not know, but I should like permission to insert in the Record the number and deposits of State banks in each State and the number and deposits of national banks in each State.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

NATIONAL BANKS¹ IN THE UNITED STATES

[Amounts in thousands of dollars]

State	Deposits, exclusive of interbank deposits, December 1932	Number of reporting banks, December 1932
New England:		
Maine.....	103,848	43
New Hampshire.....	52,455	53
Vermont.....	47,904	45
Massachusetts.....	971,336	141
Rhode Island.....	34,578	10
Connecticut.....	200,732	58
Middle Atlantic:		
New York.....	3,228,087	496
New Jersey.....	638,935	269
Pennsylvania.....	1,802,537	747
East North Central:		
Ohio.....	512,021	266
Indiana.....	230,404	152
Illinois.....	1,293,626	337
Michigan.....	721,955	102
Wisconsin.....	300,610	127
West North Central:		
Minnesota.....	407,032	229
Iowa.....	138,019	163
Missouri.....	332,416	97
North Dakota.....	46,440	77
South Dakota.....	39,467	72
Nebraska.....	132,229	156
Kansas.....	139,149	219
South Atlantic:		
Delaware.....	14,841	16
Maryland.....	155,791	68
District of Columbia.....	131,673	12
Virginia.....	219,928	139
West Virginia.....	104,184	84
North Carolina.....	42,171	43
South Carolina.....	37,084	21
Georgia.....	150,720	57
Florida.....	126,044	49
East South Central:		
Kentucky.....	138,384	108
Tennessee.....	163,297	81
Alabama.....	112,459	77
Mississippi.....	40,066	25

¹ Member banks only, i.e., exclusive of national banks in Alaska and Hawaii.

STATE BANKS IN THE UNITED STATES—continued

[Amounts in thousands of dollars]

State	Deposits, exclusive of interbank deposits, December 1932	Number of reporting banks, December 1932
West South Central:		
Arkansas.....	43,448	52
Louisiana.....	72,280	29
Oklahoma.....	220,352	233
Texas.....	550,278	483
Mountain:		
Montana.....	54,880	52
Idaho.....	17,541	28
Wyoming.....	24,973	25
Colorado.....	166,963	98
New Mexico.....	20,895	26
Arizona.....	18,621	10
Utah.....	34,980	15
Nevada.....	9,650	7
Pacific:		
Washington.....	180,763	83
Oregon.....	138,264	71
California.....	1,736,945	160
Total.....	16,101,264	6,011

STATE BANKS IN THE UNITED STATES

New England:		
Maine.....	244,571	72
New Hampshire.....	201,006	64
Vermont.....	146,182	55
Massachusetts.....	2,456,754	276
Rhode Island.....	414,253	24
Connecticut.....	879,382	147
Middle Atlantic:		
New York.....	10,349,994	486
New Jersey.....	1,175,989	206
Pennsylvania.....	1,897,135	485
East North Central:		
Ohio.....	1,198,987	536
Indiana.....	272,998	523
Illinois.....	755,415	742
Michigan.....	605,700	441
Wisconsin.....	295,738	654
West North Central:		
Minnesota.....	243,748	565
Iowa.....	240,650	632
Missouri.....	539,771	795
North Dakota.....	16,212	151
South Dakota.....	26,621	168
Nebraska.....	62,867	430
Kansas.....	120,256	625
South Atlantic:		
Delaware.....	115,647	34
Maryland.....	489,523	140
District of Columbia.....	105,239	22
Virginia.....	146,930	239
West Virginia.....	112,534	131
North Carolina.....	146,771	215
South Carolina.....	42,384	110
Georgia.....	71,476	232
Florida.....	44,395	128
East South Central:		
Kentucky.....	154,473	362
Tennessee.....	98,024	283
Alabama.....	44,518	158
Mississippi.....	72,459	202
West South Central:		
Arkansas.....	52,015	220
Louisiana.....	242,105	161
Oklahoma.....	42,762	253
Texas.....	140,906	540
Mountain:		
Montana.....	37,656	95
Idaho.....	30,653	75
Wyoming.....	14,809	46
Colorado.....	37,384	109
New Mexico.....	6,857	22
Arizona.....	25,824	14
Utah.....	54,882	59
Nevada.....	2,868	6
Pacific:		
Washington.....	123,713	170
Oregon.....	35,432	88
California.....	1,004,050	183
Total.....	25,541,418	12,379

Mr. WEIDEMAN. Will the gentleman yield for a question?

Mr. PATMAN. I yield.

Mr. WEIDEMAN. The amount of the deposits in the State banks and in the national banks would not necessarily reflect the hardship it would work upon the people, because probably the State-bank depositors, as a class, are much smaller than the depositors in the tremendous national banks.

Mr. PATMAN. That is what I was saying. The man who only has \$100 would not want to lose that any more than

the man who had \$100,000. State banks having deposits of \$25,000,000,000 will not necessarily be protected, but national banks with \$16,000,000,000 in deposits will be protected, with the people's money used as an insurance premium.

MUTUAL INSURANCE UNDERTAKING

The gentleman from Alabama [Mr. STEAGALL] said this is a mutual insurance undertaking. That is exactly what it is, and instead of the ones who are benefited paying the premium, the Government of the United States is going to pay two thirds of the premium. An endowment fund is being set up which is to be used for the purpose of raising sufficient money annually by speculation, investment, and otherwise from the general public to pay the premium necessary to pay off the depositors in the event a bank is closed by reason of insolvency.

The money is coming from three sources, namely, \$150,000,000 from the Treasury of the United States, \$150,000,000 from the surplus fund of the Federal Reserve banks, which, as a matter of right, should be in the Treasury of the United States today. That money does not belong to the Federal Reserve banks. It belongs to the United States Treasury. It never has belonged to those banks. It never was intended that those banks should get that money. Therefore, of the \$450,000,000 appropriated, \$300,000,000 of it represents the people's money, coming from the Treasury of the United States. The other one third will come from the depositors, one half of 1 percent being assessed against the deposits of the banks.

SURPLUS FUND OF FEDERAL RESERVE BANKS

Now, let me tell you about this surplus fund of the Federal Reserve banks. When those banks were organized, they were not intended as profit-making institutions. It was stated they were going to use the credit of this Nation, and for the purpose of compensating the people for the use of that credit, when they paid their operating expenses and 6-percent dividends on the amount of capital invested by the member banks the remainder would go into the Treasury as a franchise tax. As conclusive evidence, if a member bank should fail or should withdraw from this System, that member bank would only get its capital stock back. It does not get back a part of that surplus, because that surplus does not belong to the member bank. It belongs to the Treasury of the United States.

EVIDENCE OF INTENT

The law provides that in the event a Federal Reserve bank becomes insolvent and it is necessary to liquidate that bank after the expenses of the bank are paid, the surplus goes into the Treasury of the United States. If the theory of the gentleman from Alabama [Mr. STEAGALL] is correct, that surplus should go back to the member banks that subscribed to the capital stock in that particular Federal Reserve bank. It is written into the law from beginning to end, that as to those banks using the credit of our Nation in the manner they are, the excess profits they make shall be paid into the Treasury of the United States. Now you come along in section 3 of this bill and attempt to change the entire policy of our Government in that regard. You attempt to divert from the Treasury of the United States back to the Federal Reserve banks that surplus, when there was written into the law, language that said it should go into the Treasury of the United States. Now you come here and claim you are going to use that money as an insurance premium to insure bank deposits for private banks, and that it is necessary to do it in the interest of the general welfare. Yes; I say it is all right to do it in the interest of the general welfare, but do not restrict it to just 6,000 banks. Give all banks an opportunity to come in, and when this bill is subject to amendment under the 5-minute rule, I expect to offer two amendments in particular.

One is to strike out section 3 which changes the policy of this Government in regard to the excess earnings of the Federal Reserve banks. The next amendment I expect to offer will be an attempt to strike out the language that would permit this board of five members, two of whom are mem-

bers of the Federal Reserve banking system, if you please, to have the right to deny a State bank to come into this System if the supervising authority in the State will make a certificate to the effect that the bank in question, that is making application, is in a solvent condition.

Now, I challenge this committee, if you really want to do something in the interest of the general welfare, and in the interest of all the people, inasmuch as two thirds of the premium is being paid for by the people's money, the act should apply to State banks as well as to national banks.

I wish to read a comparison between the number of State banks and the number of national banks that will benefit. I see the distinguished chairman of the steering committee [Mr. CROSSER] back here. I will name his State. There are 266 national banks and 536 State banks in Ohio.

[Here the gavel fell.]

Mr. STEAGALL. I yield the gentleman from Texas 2 additional minutes.

Mr. PATMAN. In the State of Indiana there are 152 national banks which will be protected under this bill, but 523 State banks will be left out in the cold.

Will they be able to come in? We do not know whether they will or not. They do not have assets that are worth the money they were worth a couple of years ago. Very few banks can make the showing that would be necessary for them to make. If they could not make it they would automatically have to close their doors. So I want to insist, Mr. Chairman, that when this bill comes under the 5-minute rule that we strike out section 3. This section has no relation to any other section of this bill in any way, shape, form, or fashion, but is just a sop to a few big bankers and amounts to a billion-dollar franchise to these few powerful bankers.

Further, I ask that you strike out the provision that would permit this board of five to deny a solvent State bank the right and the opportunity to come within the terms of this insurance law where the people of the United States are paying two thirds of the premium. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, it is almost 5 o'clock. Manifestly there is not a quorum present. May I suggest to the Chairman that the Committee rise?

Mr. STEAGALL. That is agreeable to me.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. CANNON of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 5661, had come to no resolution thereon.

UNITED STATES NAVAL ACADEMY

Mr. VINSON of Georgia submitted the following conference report on the bill (S. 753) to confer the degree of bachelor of science upon graduates of the Naval Academy.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mrs. NORTON, for 4 days, on account of important business.

To Mr. LESINSKI, for 4 days, on account of important business.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 57 minutes p.m.), in accordance with its previous order, the House adjourned until Monday, May 22, 1933, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

76. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army,

dated May 13, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Corte Madera Creek, Marin County, Calif., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

77. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 15, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of North River, Carteret County, N.C., authorized by the River and Harbor Act approved March 3, 1925; to the Committee on Rivers and Harbors.

78. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 15, 1933, submitting a report, together with accompanying papers, on a preliminary examination of channel from North River, via Back Sound, to Lighthouse Bay, N.C., authorized by the River and Harbor Act approved January 21, 1927; to the Committee on Rivers and Harbors.

79. A letter from the Secretary of War, transmitting a draft of a bill entitled "A bill to prevent the loss of the title of the United States to lands in the Territories of Territorial possessions through adverse possession of prescriptions"; to the Committee on the Judiciary.

80. A letter from the Acting Secretary of Commerce, transmitting draft of a bill for the relief of Ward J. Lawton, special disbursing agent, Lighthouse Service, Department of Commerce; to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McKEOWN: A bill (H.R. 5713) to amend Public Law No. 15, Seventy-third Congress, an act to provide for co-operation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardships and suffering caused by unemployment, and for other purposes, approved May 12, 1933; to the Committee on Banking and Currency.

By Mr. KRAMER: A bill (H.R. 5714) providing for loans or advances by the Reconstruction Finance Corporation, through its proper agency, to public-school districts in southern California for the purpose of rebuilding public buildings, schools, or other municipal buildings which were wholly or partially destroyed as a result of the earthquakes of March 1933, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOWARD (by departmental request): A bill (H.R. 5715) to authorize the change of homestead designations on allotted Indian lands; to the Committee on Indian Affairs.

Also, a bill (H.R. 5716) authorizing the Secretary of the Interior, in behalf of Indians, to use tribal funds in the purchase of allotments of deceased Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. WHITE (by request): A bill (H.R. 5717) to provide a more stable monetary system by substituting multi-metallism in lieu of monometallism or the single gold standard; to the Committee on Coinage, Weights, and Measures.

By Mr. LEA of California: A bill (H.R. 5718) to authorize the modification of the contract for the construction of the post-office building at Long Beach, Calif.; to the Committee on Public Buildings and Grounds.

By Mr. CANNON of Wisconsin: A bill (H.R. 5719) to extend the National Motor Vehicle Theft Act to all stolen articles transported in interstate commerce; to the Committee on the Judiciary.

By Mr. MARLAND: A bill (H.R. 5720) to preserve and protect the correlative rights of the oil-producing States; to assist them in the proper enforcement of their oil conservation laws; to assure the conservation of crude petroleum and natural gas and to preserve the same as national resources, and to regulate the transportation and sale in interstate and foreign commerce of natural gas, crude petroleum, and the products thereof; to prevent waste in the production, marketing, and use of such natural gas and petroleum;

to invest the Secretary of the Interior with power to carry out this act, and for other purposes; to the Committee on Ways and Means.

By Mr. WOLCOTT: A bill (H.R. 5721) to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. DICKINSON: A bill (H.R. 5722) to increase the tax on distilled spirits for nonbeverage purposes; to the Committee on Ways and Means.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Maryland, memorializing Congress to commemorate the one hundred and fiftieth anniversary of the naturalization of Brig. Gen. Thaddeus Kosciuszko; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEAM: A bill (H.R. 5723) for the relief of James S. Kelly; to the Committee on Claims.

Also, a bill (H.R. 5724) for the relief of John Toner; to the Committee on Military Affairs.

Also, a bill (H.R. 5725) for the relief of Robert McGee; to the Committee on Military Affairs.

Also, a bill (H.R. 5726) for the relief of James W. Blair; to the Committee on Claims.

By Mr. BUCKBEE: A bill (H.R. 5727) for the relief of Robert B. Marshall; to the Committee on the Post Office and Post Roads.

By Mr. DINGELL: A bill (H.R. 5728) for the relief of Michael P. Lucas; to the Committee on Military Affairs.

By Mr. GREENWOOD: A bill (H.R. 5729) granting a pension to Orval Hunter; to the Committee on Invalid Pensions.

By Mr. IMHOFF: A bill (H.R. 5730) granting a pension to Viannie M. Walters; to the Committee on Invalid Pensions.

By Mr. KLEBERG: A bill (H.R. 5731) for the relief of Lota Tidwell; to the Committee on Claims.

By Mr. KLOEB: A bill (H.R. 5732) granting a pension to Sarah Anna Jones; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H.R. 5733) granting a pension to Albert Porteus; to the Committee on Pensions.

By Mr. CHURCH: A bill (H.R. 5734) for the relief of W. T. Patterson; to the Committee on Claims.

By Mrs. ROGERS of Massachusetts: A bill (H.R. 5735) for the relief of James P. Whalen; to the Committee on Claims.

By Mr. SANDLIN: A bill (H.R. 5736) for the relief of Shelby J. Beene, Mrs. Shelby J. Beene, Leroy T. Waller, and Mrs. Leroy T. Waller; to the Committee on Claims.

By Mr. SNYDER: A bill (H.R. 5737) granting a pension to Milton Warner; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5738) granting an increase of pension to Harriet Neiderhiser; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1124. By Mr. COLDEN: Petition of 192 citizens of the city of Los Angeles, Calif., and vicinity, asking that regulations of the Economy Act pertaining to veterans be revised so as to restore to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of said Economy Act; to the Committee on Economy.

1125. By Mr. JOHNSON of Texas: Telegram from Michael S. Hunt, of Waco, Tex., favoring immediate guar-

antee of small depositors in banks of Federal Reserve System; to the Committee on Banking and Currency.

1126. Also, telegram from J. K. Hughes, president Nevrsuch Oil Co., and E. L. Smith, president E. L. Smith Oil Co., of Mexia, Tex., favoring Federal legislation to curb oil production; to the Committee on Interstate and Foreign Commerce.

1127. Also, petition of Henderson, Kidd & Henderson, of Cameron, Tex., opposing provision of Senate bill 1094 denying loans to corporations paying salaries in excess of \$17,500; to the Committee on Banking and Currency.

1128. Also, resolution adopted by the Senate of the State of Texas, favoring expenditure of relief funds upon highways in the State of Texas; to the Committee on Roads.

1129. By Mr. LINDSAY: Petition of Warehousemen's Association of the Port of New York, Inc., New York City, opposing the passage of Senate bill 158; to the Committee on Labor.

1130. Also, petition of Independent Petroleum Association of America, Washington, D.C., favoring the adoption of the oil-control measure presented by Congressman MARLAND; to the Committee on Interstate and Foreign Commerce.

1131. By Mr. LUDLOW: Petition of the Jewish Educational Association of Indianapolis, Ind., requesting the United States to make official protest of the treatment given the Jewish citizens of Germany; to the Committee on Foreign Affairs.

1132. Also, petition of the Beth-El-Zedeck Sisterhood of Indianapolis, Ind., asking the United States Government to make official protest of treatment given Jewish citizens of Germany; to the Committee on Foreign Affairs.

1133. By Mr. McFADDEN: Petition of the Order of Railroad Telegraphers, opposing the Emergency Railroad Transportation Act of 1933 unless amendments proposed by organized railway labor are incorporated therein; to the Committee on Interstate and Foreign Commerce.

1134. Also, three resolutions of the Strawn-Turner Post, No. 1627, Veterans of Foreign Wars of the United States, Seat Pleasant, Md., (1) on silver—the money of the masses, (2) on banking, (3) support of and cooperation with farmers; to the Committee on Banking and Currency.

1135. Also, petition of Edward T. Lee, a citizen of Chicago, Ill., for the abolition of railroad grade crossings; to the Committee on Interstate and Foreign Commerce.

1136. By Mrs. ROGERS of Massachusetts: Petition of Boston City Council of Boston, Mass., favoring a study of the entire matter of veterans' legislation in the hope that such study will bring about a favorable adjustment, to the end that no veteran suffering from a disability incurred in line of duty while in the active military and naval service of the United States shall be called upon to bear a greater sacrifice than other classes of the American public, bearing in mind the hardships and tribulations that they endured during the period of war; to the Committee on World War Veterans' Legislation.

1137. Also, petition of the Boston City Council of Boston, Mass., opposing the transfer of tradesmen from the Philadelphia Navy Yard to the Boston Navy Yard to work on the new destroyer which is now in process of construction; to the Committee on Naval Affairs.

1138. By Mr. RUDD: Petition of Warehousemen's Association of the Port of New York, Inc., New York, opposing the passage of the Black bill, S. 158, and the enactment of any law under which a definite limit of hours of any working day shall be placed; to the Committee on Labor.

1139. By Mr. WIGGLESWORTH: Petition of the mayor and City Council of Quincy, Mass., with reference to a study of the entire matter of veterans' legislation, in the hope that such study will bring about a favorable adjustment, to the end that no veteran suffering from a disability incurred in line of duty while in the active military and naval service of the United States shall be called upon to bear a greater sacrifice than other classes of the American public; to the Committee on World War Veterans' Legislation.

SENATE

MONDAY, MAY 22, 1933

(Legislative day of Monday, May 15, 1933)

The Senate sitting as a court for the trial of articles of impeachment against Harold Louderback, judge of the United States District Court for the Northern District of California, met at 12 o'clock meridian, on the expiration of the recess.

The managers on the part of the House of Representatives appeared in the seats provided for them.

The respondent, Harold Louderback, with his counsel, Walter H. Linforth, Esq., and James M. Hanley, Esq., appeared in the seats assigned to them.

PROCLAMATION

The VICE PRESIDENT. The Sergeant at Arms will proclaim the Senate sitting as a Court of Impeachment in session.

The Sergeant at Arms made the usual proclamation.

THE JOURNAL

The Chief Clerk proceeded to read the proceedings of the Senate sitting as a Court of Impeachment for the calendar day of Saturday, May 20, when, on motion of Mr. ASHURST, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

ARREST OF WITNESS LEAKE

The VICE PRESIDENT. The Chair lays before the Senate a report from the Sergeant at Arms, which will be read. The Chief Clerk read as follows:

SENATE OF THE UNITED STATES,
OFFICE OF THE SERGEANT AT ARMS,
Washington, D.C., May 20, 1933.

HON. JOHN N. GARNER,

Vice President and President of the Senate,
Washington, D.C.

MY DEAR MR. VICE PRESIDENT: In pursuance of the order of the Senate dated May 17, 1933, commanding me to forthwith arrest and take into custody and bring to the bar of the Senate W. S. Leake, of San Francisco, Calif., I did, acting through my deputy, W. A. Rorer, on May 17, 1933, arrest and take Mr. Leake into custody.

The said W. S. Leake is now in my custody, and I await the further order of the Senate.

The original warrant issued in the case is attached hereto.

Respectfully yours,

CHESLEY W. JURNERY,
Sergeant at Arms.

EXAMINATION OF W. S. LEAKE

Mr. LINFORTH. Mr. W. S. Leake is here, in obedience to the mandate of this honorable body sitting as a Court of Impeachment, and I should like at this time to call him, out of order, as a witness on behalf of the respondent; and we desire merely to supplement the testimony given by him in San Francisco that has already been read into the Record by the other side of this proceedings.

The VICE PRESIDENT. The witness will be called.

W. S. Leake, having been duly sworn, was examined and testified as follows:

Mr. LINFORTH. Shall I proceed, Mr. President?

The VICE PRESIDENT. Counsel will proceed.

By Mr. LINFORTH:

Q. Mr. Leake, where do you reside?—A. San Francisco, Calif.

Q. How long have you resided in San Francisco?—A. Off and on, ever since I was 8 years of age, mostly in San Francisco.

Q. And whereabouts in San Francisco do you live and how long have you lived there?—A. At the Fairmont Hotel ever since it was rebuilt.

Q. In about what year?—A. It was remodeled right after the fire in 1906.

Q. And is that one of the leading family hotels in San Francisco?—A. It is.

Q. Did you continue to live there with your wife until her death?—A. Yes.